

OFFICIAL STATEMENT

New Issue

This Official Statement has been prepared by the State of Wisconsin to provide information on the 2001 Series A Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision, a prospective investor should read the entire Official Statement. Unless otherwise indicated, capitalized terms have the meanings given in APPENDIX C.

\$140,000,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2001 SERIES A

Dated: November 15, 2001

Due: July 1, as shown below

Table with 2 columns: Category and Description. Categories include Ratings, Tax Exemption, Redemption, Security/Priority, Purpose, Interest Payment Dates, First Interest Payment Date, Closing/Settlement, Denominations, Book-Entry-Only Form, Trustee/Registrar/Paying Agent, Bond Counsel, Issuer Contact, and Annual Report.

The 2001 Series A Bonds were sold at competitive sale on November 13, 2001. The interest rates payable by the State, which are shown below, resulted from the award of the 2001 Series A Bonds.

Table with 6 columns: CUSIP, Year (July 1), Principal Amount, Interest Rate, First Optional Redemption Date, and Call Price. Lists bond details from 1999 to 2022.

Purchase Price: \$145,599,073.05

November 13, 2001

Note: The State has been advised by the Underwriters that they have received a Commitment to Issue a Financial Guaranty Insurance Policy from MBIA Insurance Corporation (MBIA) for the 2001 Series A Bonds maturing July 1, 2007 and July 1, 2010-2019. Further information on the Commitment and the Financial Guaranty Insurance Policy can be obtained from the Underwriters and MBIA.

# STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE 2001 SERIES A BONDS

## BUILDING COMMISSION MEMBERS

<b>Voting Members</b>	<b>Term of Office Expires</b>
Governor Scott McCallum, Chairperson	January 6, 2003
Senator Fred A. Risser, Vice-Chairperson	January 3, 2005
Senator Mark Meyer	January 3, 2005
Senator Carol Roessler	January 3, 2005
Representative Timothy Hoven	January 6, 2003
Representative Jeffrey Plale	January 6, 2003
Representative Daniel Vrakas	January 6, 2003
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor

  

<b>Nonvoting, Advisory Members</b>	
Mr. George Lightbourn, Secretary Department of Administration	At the pleasure of the Governor
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	—
Mr. Wilbert King, State Chief Architect Department of Administration	—

  

<b>Building Commission Secretary</b>	
Mr. Robert G. Cramer (also serves as Administrator, Division of Facilities Development of the Department of Administration)	At the pleasure of the Building Commission and Secretary of Administration

## OTHER PARTICIPANTS

Mr. Jack C. Voight State Treasurer	January 6, 2003
Mr. James E. Doyle State Attorney General	January 6, 2003
Mr. Terrence D. Mulcahy, P.E., Secretary Department of Transportation	At the pleasure of the Governor

## DEBT MANAGEMENT AND DISCLOSURE

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## SUMMARY DESCRIPTION OF THE 2001 SERIES A BONDS

*Selected information is presented on this page for the convenience of the reader. To make an informed decision regarding the 2001 Series A Bonds, a prospective investor should read the entire Official Statement.*

Description:	State of Wisconsin Transportation Revenue Bonds, 2001 Series A.
Principal Amount:	\$140,000,000
Denominations:	\$5,000 or integral multiples.
Date of Issue:	November 15, 2001
Interest Payment:	January 1 and July 1, commencing July 1, 2002
Maturities:	July 1, 2003-2022— <i>See front cover.</i>
Record Date:	December 15 or June 15.
Redemption:	<i>Optional</i> —2001 Series A Bonds maturing on or after July 1, 2013 are subject to optional redemption at par beginning July 1, 2012— <i>See page 2.</i>
Form:	Book-entry— <i>See pages 3-5.</i>
Paying Agent:	All payments of principal and interest on the 2001 Series A Bonds will be made by Bank One Trust Company, National Association. All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Authority for Issuance:	2001 Series A Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	2001 Series A Bond proceeds are being used to finance projects and to pay costs of issuance.
Security:	2001 Series A Bonds are first claim revenue obligations payable solely from vehicle Registration Fees and any other pledged Program Income. 2001 Series A Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution. A Reserve Fund also exists and is expected to be funded in an amount equal to the maximum annual interest due on the Outstanding Bonds, which by definition includes the 2001 Series A Bonds— <i>See pages 6-8.</i>
Bond Insurance:	The State has been advised by the Underwriters that they have received a Commitment to Issue a Financial Guaranty Insurance Policy from MBIA Insurance Corporation (MBIA) for the 2001 Series A Bonds maturing July 1, 2007 and July 1, 2010-2019. Further information on the Commitment and the Financial Guaranty Insurance Policy can be obtained from the Underwriters and MBIA.
Prior Bonds and Notes:	As of November 1, 2001, there were \$822,585,000 outstanding Prior Bonds that will be on parity with the 2001 Series A Bonds and \$136,673,000 outstanding Notes that will be subordinate to 2001 Series A Bonds.
Additional Bonds:	The State may issue additional transportation revenue obligations. Additional Bonds may be issued on parity with the Prior Bonds and the 2001 Series A Bonds upon meeting certain conditions— <i>See Page 8.</i>
Legality of Investment:	State law provides that the 2001 Series A Bonds are legal investments for all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business; for all executors, administrators, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Not included in gross income and not an item of tax preference for federal income tax purposes— <i>See pages 11-13.</i> Subject to State of Wisconsin income and franchise taxes— <i>See page 13.</i>
Legal Opinion:	Validity and tax opinion to be provided Michael Best & Friedrich LLP— <i>See page D-1.</i>

**OFFICIAL STATEMENT**  
**\$140,000,000**  
**STATE OF WISCONSIN**  
**TRANSPORTATION REVENUE BONDS, 2001 SERIES A**  
**INTRODUCTION**

This Official Statement sets forth information concerning the \$140,000,000 State of Wisconsin Transportation Revenue Bonds, 2001 Series A (**2001 Series A Bonds**), issued by the State of Wisconsin (**State**). This Official Statement includes by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2000 (**2000 Annual Report**).

The 2001 Series A Bonds are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended (**Revenue Obligations Act**), Section 84.59 of the Wisconsin Statutes (**Act**), a General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 26, 1986, as supplemented on March 19, 1998 and August 9, 2000 (**General Resolution**), and a Series Resolution adopted by the Commission on September 19, 2001 (collectively, **Resolution**).

The Commission, an agency of the State, is empowered by law to authorize, issue, and sell all debt obligations of the State. The Commission is assisted and staffed by the State of Wisconsin Department of Administration.

In connection with the issuance and sale of the 2001 Series A Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2001 Series A Bonds. All references to the Resolution, the Revenue Obligations Act and the Act are qualified by reference to such documents, copies of which are available from the Commission. All references to the 2001 Series A Bonds are qualified by reference to the forms thereof and the related information contained in the Resolution. All capitalized terms used in this Official Statement and not otherwise defined shall have the meanings provided for in **APPENDIX C** or the Resolution.

**THE STATE**

The State is located in the Midwest among the northernmost tier of states. The State ranks 18th among the states in population and 26th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee.

Information concerning the State and its financial condition is included as **APPENDIX A**, which includes by reference Part II of the 2000 Annual Report.

Requests for additional information about the State may be directed to:

*Contact:* Capital Finance Office  
Attn: Capital Finance Director  
*Phone:* (608) 266-2305  
*Mail:* 101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
*E-mail:* [capfin@doa.state.wi.us](mailto:capfin@doa.state.wi.us)

## THE DEPARTMENT OF TRANSPORTATION

The State of Wisconsin Department of Transportation (**Department** or **WisDOT**) is the State agency that is involved with all forms of transportation in the State, including the construction and reconstruction of State highways and related transportation facilities and the registration of all motor vehicles.

Information concerning the Department is included as **APPENDIX B** to this Official Statement, which includes by reference Part V of the 2000 Annual Report. **APPENDIX B** also includes audited financial statements of the Transportation Revenue Bond Program for the fiscal year ending June 30, 2001.

## THE 2001 SERIES A BONDS

### General

The 2001 Series A Bonds are the fourteenth Series of Bonds to be issued under the General Resolution. The Legislature has authorized the issuance of \$1.753 billion of revenue bonds for this purpose, excluding revenue bonds issued to refund outstanding revenue bonds. To date and including the 2001 Series A Bonds, \$1.255 billion of such bonds have been issued.

The cover of this Official Statement sets forth the maturity dates, amounts, and interest rates for the 2001 Series A Bonds.

The 2001 Series A Bonds will be dated November 15, 2001 and will bear interest from that date payable on January 1 and July 1 of each year, beginning on July 1, 2002. Interest on the 2001 Series A Bonds will be computed on the basis of a 30-day month and a 360-day year.

The 2001 Series A Bonds are issued as fully registered bonds without coupons in the principal denominations of \$5,000 or any integral multiples thereof. Principal of and interest on the 2001 Series A Bonds will be payable to the person or entity who is, as of the fifteenth day of the month preceding each Interest Payment Date, the registered owner of record which initially will be The Depository Trust Company, New York, New York (**DTC**) or its nominee.

Bank One Trust Company, National Association is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2001 Series A Bonds.

### Optional Redemption

The 2001 Series A Bonds maturing on or after July 1, 2013 shall be subject to optional redemption prior to their stated date of maturity, at the option of the Commission, on July 1, 2012 or on any date thereafter, in whole or in part in integral multiples of \$5,000 at a redemption price equal to par (100%). In the event of partial redemption, the Commission shall direct the maturity or maturities of the 2001 Series A Bonds and the amounts thereof so to be redeemed.

### Selection of 2001 Series A Bonds

The 2001 Series A Bonds shall be called for redemption in multiples of \$5,000 and bonds of denominations of more than \$5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by \$5,000, and such bonds may be selected for redemption in part. If the 2001 Series A Bonds are in book-entry form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of Beneficial Owners of the 2001 Series A Bonds affected thereby shall be made solely by DTC, the Direct Participants, and the Indirect Participants in accordance with their then prevailing rules. If the 2001 Series A Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

## **Notice of Redemption**

So long as the 2001 Series A Bonds are in book-entry form, a notice of the redemption of any of said 2001 Series A Bonds shall be sent to the securities depository not less than thirty days or more than sixty days prior to the date of redemption.

In the event that the 2001 Series A Bonds are outstanding in certificated form, a notice of the redemption of any of said 2001 Series A Bonds shall be published at least once not less than thirty days prior to the date of redemption in an Authorized Newspaper and shall be mailed not less than thirty days prior to the date of redemption to the registered owners of any 2001 Series A Bonds to be redeemed, but such mailing shall not be a condition precedent to such redemption and failure to mail any such notice or a defect therein shall not affect the validity of any proceedings for the redemption of the 2001 Series A Bonds. Interest on any 2001 Series A Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

## **Book-Entry Form**

DTC will act as securities depository for the 2001 Series A Bonds. The Trustee will register all 2001 Series A Bonds in the name of Cede & Co. (DTC's partnership nominee). DTC will receive one registered certificate for each maturity.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the same law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates.

Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**). The rules applicable to DTC and its Direct and Indirect Participants—that is, Participants—are on file with the Securities and Exchange Commission.

Purchases of the 2001 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2001 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the 2001 Series A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2001 Series A Bonds, except in the event that use of the book-entry system for the 2001 Series A Bonds is discontinued.

To make the system work more smoothly, all 2001 Series A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. This doesn't

affect the beneficial ownership of any Bond. DTC has no idea who the Beneficial Owners of the 2001 Series A Bonds are; its records show only the identity of the Direct Participants to whose accounts the 2001 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as Cede & Co. is the registered owner of the 2001 Series A Bonds as nominee for DTC, references to the Bond owners means Cede & Co. and not the Beneficial Owners.

Notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any legal requirements.

Redemption notices, if any, shall be sent to Cede & Co. If less than all of the 2001 Series A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the 2001 Series A Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants.

The Trustee will make payments on the 2001 Series A Bonds to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of the Participant and not of the State, Trustee, or DTC, subject to any legal requirements. The Trustee is responsible for sending payments to DTC. DTC is responsible for disbursing those payments to Direct Participants. Both Direct and Indirect Participants are responsible for disbursing those payments to the Beneficial Owners.

DTC may discontinue providing its services as securities depository with respect to the 2001 Series A Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered at the State's expense.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). If that happens, bond certificates will be printed and delivered at the State's expense.

The information in this section about DTC and DTC's book-entry system has been obtained from DTC; the State takes no responsibility for its accuracy.

No one can give any assurance that DTC, Direct Participants, or Indirect Participants will promptly transfer payments or notices received with respect to the 2001 Series A Bonds. The State and the Trustee assume no liability for the failure of DTC, Direct Participants, or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the 2001 Series A Bonds.

Similarly, no one can give any assurance that DTC will abide by its procedures or that its procedures will not be changed. In the event that the State designates a successor securities depository, the successor may establish different procedures.

**Transfer of Bonds**

Any 2001 Series A Bond may be transferred by the person in whose name it is registered, in person or by his duly authorized legal representative, upon surrender of the 2001 Series A Bond to the Registrar for cancellation, together with a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any 2001 Series A Bond is surrendered for transfer, the Registrar shall deliver 2001 Series A Bonds, in like series, aggregate principal amount, interest rate, maturity and with the same letter designation, if any. The Registrar may require the Bondholder requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer and may charge a sum sufficient to pay the cost of preparing such 2001 Series A Bond. The Registrar shall not be obliged to make any transfer or exchange of 2001 Series A Bonds:

- (1) after the fifteenth day of the month preceding an Interest Payment Date on the 2001 Series A Bond,
- (2) fifteen calendar days preceding the date of the mailing of a notice of redemption of 2001 Series A Bonds selected for redemption, or
- (3) after such 2001 Series A Bond has been called for redemption.

**Sources and Applications of Funds**

It is expected that the proceeds of the 2001 Series A Bonds, other than accrued interest, together with certain other available moneys, shall be applied as follows.

**Sources**

Principal Amount of the 2001 Series A.....	\$140,000,000
Net Original Issue Premium .....	6,048,819
Total Sources.....	<u>\$146,048,819</u>

**Applications**

Deposit to the Program Account to pay	
Costs of Projects.....	\$139,800,000
Costs of Issuance.....	200,000
Deposit to the Principal and Interest Account.....	5,599,073
Underwriters Discount.....	449,746
Total Applications.....	<u>\$146,048,819</u>

**Ratings**

At the State’s request, several rating agencies have rated the 2001 Series A Bonds and confirmed the rating on the Prior Bonds:

<i>Rating</i>	<i>Rating Agency</i>
AA	Fitch
Aa3	Moody’s Investors Service, Inc.
AA-	Standard and Poor’s Ratings Services

Any explanation of the significance of a rating may only be obtained from the rating service furnishing that rating. There is no assurance a rating given will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the rating service if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may have an adverse effect on the market price of the 2001 Series A Bonds and the Prior Bonds.

# SECURITY FOR THE 2001 SERIES A BONDS

## General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds, including sources of payment, registered vehicles, past and projected Registration Fees, Registration Fee collection procedures, Reserve Fund, Additional Bonds, the Transportation Projects Commission, and the Department is included as **APPENDIX B**, which includes by reference Part V of the 2000 Annual Report.

## Prior Bonds

The State has previously issued the following Transportation Revenue Bonds:

<u>Bond Issue</u>	<u>Dated Date</u>
Transportation Revenue Bonds, 1986 Series A ( <b>1986 Bonds</b> )	June 15, 1986
Transportation Revenue Bonds, 1988 Series A ( <b>1988 Bonds</b> )	April 15, 1988
Transportation Revenue Bonds, 1989 Series A ( <b>1989 Bonds</b> )	April 15, 1989
Transportation Revenue Bonds, 1991 Series A ( <b>1991 Bonds</b> )	October 1, 1991
Transportation Revenue Bonds, 1992 Series A ( <b>1992 Series A Bonds</b> )	July 1, 1992
Transportation Revenue Bonds, 1992 Series B ( <b>1992 Series B Bonds</b> )	July 1, 1992
Transportation Revenue Bonds, 1993 Series A ( <b>1993 Bonds</b> )	September 1, 1993
Transportation Revenue Bonds, 1994 Series A ( <b>1994 Bonds</b> )	July 1, 1994
Transportation Revenue Bonds, 1995 Series A ( <b>1995 Bonds</b> )	September 1, 1995
Transportation Revenue Bonds, 1996 Series A ( <b>1996 Bonds</b> )	May 15, 1996
Transportation Revenue Bonds, 1998 Series A ( <b>1998 Series A Bonds</b> )	August 15, 1998
Transportation Revenue Bonds, 1998 Series B ( <b>1998 Series B Bonds</b> )	October 1, 1998
Transportation Revenue Bonds, 2000 Series A ( <b>2000 Bonds</b> )	September 15, 2000

The 1986 Bonds and 1988 Bonds were redeemed in full on July 1, 1997, the 1989 Bonds were redeemed in full on July 1, 1998, and the 1991 Bonds were redeemed in full on July 1, 2001. As a result, the 1986 Bonds, 1988 Bonds, 1989 Bonds, and 1991 Bonds are not Outstanding Bonds within the meaning of the General Resolution. The 1992 Series A Bonds, 1992 Series B Bonds, 1993 Bonds, 1994 Bonds, 1995 Bonds, 1996 Bonds, 1998 Series A Bonds, 1998 Series B Bonds, 2000 Bonds (collectively, **Prior Bonds**) and the 2001 Series A Bonds together with any additional Bonds issued by the State pursuant to the General Resolution are referred to collectively as the **Bonds**.

*The 2001 Series A Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds to be issued by the State pursuant to the General Resolution.*

As of the date of this Official Statement, there remains outstanding \$136,673,000 Transportation Revenue Commercial Paper Notes of 1997, Series A (**Notes**). The Notes are issued pursuant to the General Resolution and are subordinate to the pledge granted to the Bonds. On February 28, 2001, the Commission adopted a Series Resolution that authorizes the issuance of up to \$155 million of additional Bonds to pay for the funding of the Notes. This additional Series Resolution is required pursuant to the terms of a credit agreement by which a syndicate of banks provide a letter of credit for additional security on the Notes. These additional Bonds, when and if issued, will be issued on a parity with the Prior Bonds, the 2001 Series A Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, subject to meeting certain conditions.

## Security

The 2001 Series A Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2001 Series A Bonds, the Prior Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution,

are secured by a first lien pledge of Program Income, and the Funds created by the General Resolution pledged to the payment of interest, principal, and Redemption Price on the Bonds.

The Notes, and any other obligation to be issued on parity with the Notes, are also revenue obligations of the State payable from Program Income deposited into the Subordinated Debt Service Fund created pursuant to the General Resolution. The pledge of such Program Income to payment of the Notes is subordinate to the pledge of Program Income to payment of Bonds presently outstanding or hereafter incurred.

Program Income includes certain vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes (**Registration Fees**) or any other moneys that the State is authorized to pledge. All Program Income shall be collected by the Trustee, or the Department as agent of the Trustee, and deposited outside the State Treasury in an account with the Trustee defined as the **Redemption Fund**. Program Income is defined to include all the interest earned or gain realized from the investment of the Redemption Fund.

Program Income received or to be received by the Trustee in the Redemption Fund is to be used:

- (1) to pay interest on all Outstanding Bonds,
- (2) to pay the principal or Redemption Price of all Outstanding Bonds,
- (3) to maintain the Debt Service Reserve Requirement in the Reserve Fund,
- (4) to pay direct administrative expenses (**Program Expenses**) of the State's program of financing Projects, and
- (5) to pay principal and interest on the Notes.

Program Income in excess of the amount needed for such purposes is to be transferred to the Transportation Fund held by the Department free of the lien of the pledge of the General Resolution and will be used by the Department for any of its authorized purposes.

***The 2001 Series A Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund and each 2001 Series A Bond shall contain on its face a statement to that effect. The State is not generally liable on the 2001 Series A Bonds, and the 2001 Series A Bonds shall not be a debt of the State for any purpose whatsoever.***

The State pledges and agrees with the Bondholders that the State will not limit or alter its powers to fulfill the terms of any agreements (made in the General Resolution or in the Bonds) with the Bondholders, or in any way impair the rights and remedies of the Bondholders until the Bonds, together with interest, including interest on any unpaid installments of interest thereon, Redemption Price and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged.

### **Reserve Fund**

The General Resolution creates a Reserve Fund and provides that it shall be used to make up any deficiency in the Redemption Fund for the payment of principal of and interest on all of the then Outstanding Bonds. Each Series Resolution must set forth the Debt Service Reserve Requirement, if any, for that Series. The Debt Service Reserve Requirements for all of the Outstanding Bonds are combined to determine the aggregate Debt Service Reserve Requirement for the Reserve Fund. If all of the Bonds of a Series cease to be Outstanding, then the aggregate Debt Service Reserve Requirement may be reduced by the Debt Service Reserve Requirement attributable to that Series of Bonds. The Debt Service Reserve Requirement for the 2001 Series A Bonds shall be \$3,908,550.

The General Resolution provides that in lieu of a deposit to the Reserve Fund of an amount equal to the Debt Service Reserve Requirement, the State may provide for a letter of credit, municipal bond insurance policy, surety bond or other type of agreement or arrangement with an entity

having, at the time of entering into such agreement or arrangement, a credit rating equal to or greater than the Bonds.

### *Surety Bond*

On May 27, 1993 in conjunction with the issuance of the 1993 Series A Transportation Revenue Bonds, the State began funding the Debt Service Reserve Requirement with an irrevocable surety bond issued by Ambac Assurance Corporation (**Ambac Assurance**). In conjunction with the sale of the 1994 Bonds, the 1995 Bonds, the 1996 Bonds, and the 2000 Bonds the surety bond was exchanged for a larger surety bond that funded the Debt Service Reserve Requirement for all the then Outstanding Bonds.

In conjunction with the delivery of the 2001 Series A Bonds, the State intends to increase the amount of the surety bond referenced above to include the Debt Service Reserve Requirement for the 2001 Series A Bonds. Ambac Assurance will issue a new surety bond (**Surety Bond**) that reflects this larger amount. The Surety Bond will be in the amount of \$47,918,550, which is the maximum annual interest due on the Outstanding Bonds, which by definition includes the 2001 Series A Bonds. The premium for the Surety Bond is paid-in-full and the Surety Bond is noncancelable until it expires on the earlier of July 1, 2022 or when all Outstanding Bonds issued, now or in the future, are paid-in-full. As of the date of this Official Statement, July 1, 2022 is the latest maturity date of the Outstanding Bonds. See **APPENDIX B** for information on Ambac Assurance. Ambac Assurance makes no representation regarding the 2001 Series A Bonds or the advisability of investing in the 2001 Series A Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented in **APPENDIX B**.

### **Additional Bonds**

The General Resolution authorizes the issuance of additional Bonds for the purpose of paying the costs of Projects and to refund Outstanding Bonds. Additional Bonds may be issued only if Program Income for any 12 consecutive calendar months of the preceding 18 calendar months was at least equal to 2.25 times the maximum aggregate Principal and Interest Requirement in any Bond Year for all Outstanding Bonds. The General Resolution defines Outstanding Bonds, as of any particular date, as all Bonds theretofore and thereupon being delivered except (1) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Registrar, (2) any Bond deemed to have been defeased pursuant to the General Resolution and (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution.

## **SUMMARY OF THE GENERAL RESOLUTION**

A summary of the General Resolution is included as **APPENDIX B**, which includes by reference Part V of the 2000 Annual Report.

## **BORROWING PROGRAM**

The sale of the 2001 Series A Bonds is the first issuance of transportation revenue bonds in calendar year 2001. The 2001 Series A Bonds are being issued pursuant to \$185 million of authority that the Commission approved on September 19, 2001. The remaining amount of authorization is not expected to be issued until the third quarter of calendar year 2002.

The Commission has authorized up to \$244 million of transportation revenue refunding bonds to refund previously issued Bonds. The amount and timing of any transportation revenue refunding bonds depend on market conditions.

The Commission has also authorized the issuance of additional Bonds in an amount not to exceed \$155 million for the funding of outstanding Notes. This authorization is required

pursuant to a credit agreement with banks providing a letter of credit for security on the Notes. These additional Bonds, when and if issued, will be issued on a parity with the Prior Bonds, the 2001 Series A Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution, subject to meeting certain conditions.

## UNDERWRITING

The 2001 Series A Bonds were purchased at competitive bidding on November 13, 2001 by Merrill Lynch & Co. (**Underwriters**). The Underwriters paid \$145,599,073.05, resulting in a true interest cost rate to the State of 4.131853%.

## CUSIP NUMBERS, REOFFERING YIELDS AND PRICES

The **tables appearing on the cover** and below include information about the 2001 Series A Bonds. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The reoffering yields and prices have been provided by the Underwriters in order to allow the computation of yield for federal tax law compliance. The reoffering prices have been calculated to the lower of maturity or call.

**\$140,000,000**  
**State of Wisconsin**  
**Transportation Revenue Bonds, 2001 Series A**

**Dated Date: November 15, 2001**  
**First Interest Date: July 1, 2002**  
**Closing/Settlement Date: December 6, 2001**

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional	Call Price
						Redemption Date	
977123 NG9	2003	\$ 9,420,000	3.00%	2.190%	101.241%	Not Callable	-
977123 NH7	2004	5,705,000	3.00	2.570	101.061	Not Callable	-
977123 NJ3	2005	6,015,000	3.00	2.870	100.436	Not Callable	-
977123 NK0	2006	6,355,000	4.00	3.110	103.762	Not Callable	-
977123 NL8	2007 <sup>(a)</sup>	16,675,000	5.00	3.390	108.106	Not Callable	-
977123 NM6	2008	12,385,000	5.00	3.610	108.062	Not Callable	-
977123 NN4	2009	13,000,000	5.00	3.730	108.305	Not Callable	-
977123 NP9	2010 <sup>(a)</sup>	13,655,000	5.00	3.830	108.475	Not Callable	-
977123 NQ7	2011 <sup>(a)</sup>	14,330,000	5.00	3.930	108.462	Not Callable	-
977123 NR5	2012 <sup>(a)</sup>	2,990,000	4.00	4.030	99.741	Not Callable	-
977123 NS3	2013 <sup>(a)</sup>	3,140,000	4.10	4.150	99.541	7/1/2012	100%
977123 NT1	2014 <sup>(a)</sup>	3,295,000	4.25	4.270	99.804	7/1/2012	100
977123 NU8	2015 <sup>(a)</sup>	3,460,000	4.25	4.390	98.577	7/1/2012	100
977123 NV6	2016 <sup>(a)</sup>	3,630,000	4.50	4.490	100.080 <sup>(b)</sup>	7/1/2012	100
977123 NW4	2017 <sup>(a)</sup>	3,815,000	4.50	4.580	99.113	7/1/2012	100
977123 NX2	2018 <sup>(a)</sup>	4,005,000	4.60	4.670	99.195	7/1/2012	100
977123 NY0	2019 <sup>(a)</sup>	4,205,000	4.70	4.740	99.523	7/1/2012	100
977123 NZ7	2020	4,415,000	4.90	4.870	100.242 <sup>(b)</sup>	7/1/2012	100
977123 PA0	2021	4,635,000	4.90	4.920	99.746	7/1/2012	100
977123 PB8	2022	4,870,000	4.90	4.950	99.355	7/1/2012	100

<sup>(a)</sup> Note: The State has been advised by the Underwriters that they have received a Commitment to Issue a Financial Guaranty Insurance Policy from MBIA Insurance Corporation (MBIA) for the 2001 Series A Bonds maturing July 1, 2007 and July 1, 2010-2019. Further information on the Commitment and the Financial Guaranty Insurance Policy can be obtained from the Underwriters and MBIA.

<sup>(b)</sup> These bonds are priced to the July 1, 2012 call date.

## LEGALITY FOR INVESTMENT

State law provides that the 2001 Series A Bonds are legal investments for the following:

- Banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business.
- Executors, administrators, guardians, trustees, and other fiduciaries.
- The State and all public officers, municipal corporations, political subdivisions, and public bodies.

## PENDING LITIGATION

The State, its officers and employees, are defendants in numerous lawsuits. It is the opinion of the State Attorney General that the pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgement against the State which would materially affect the payment of interest, principal of or Redemption Price on the 2001 Series A Bonds. There is no litigation of any nature now pending or, to the knowledge of the State, threatened, restraining or enjoining the issuance, sale, execution or delivery of the 2001 Series A Bonds, or in any way contesting or affecting the validity of the 2001 Series A Bonds or any proceedings of the State taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2001 Series A Bonds, the existence of the Department or its power to charge and collect Registration Fees and pledge them for the payment of the 2001 Series A Bonds.

## LEGALITY

All legal matters incident to the authorization, issuance and delivery of the 2001 Series A Bonds are subject to the opinion of Michael Best & Friedrich LLP (**Bond Counsel**).

As required by law, the Attorney General of the State of Wisconsin will examine a certified copy of all proceedings preliminary to issuance of the 2001 Series A Bonds to determine the regularity and validity of such proceedings. In the event certificated 2001 Series A Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2001 Series A Bond.

## TAX EXEMPTION

Michael Best & Friedrich LLP will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 2001 Series A Bonds under existing law substantially in the form set forth in **APPENDIX D**.

The State has covenanted to comply with all such requirements referenced in the legal opinion to the extent it may lawfully do so. However, the proceedings authorizing the 2001 Series A Bonds do not provide for an increase in interest rates in the event of taxability or in the event of the inclusion of interest as an item of tax preference in computing the alternative minimum tax.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the 2001 Series A Bonds.

In the opinion of Bond Counsel, the 2001 Series A Bonds are not “private activity bonds” under Section 141(a) of the Code.

The initial public offering prices of certain of the 2001 Series A Bonds (**Discounted Bonds**) are less than the principal amount payable at maturity. As a result, the Discounted Bonds will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (**issue price**). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest which is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, under present federal income tax law, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discounted Bond during any accrual period generally equals (1) the issue price of such Discounted Bonds plus the amount of original issue discount accrued in all prior accrual periods multiplied by (2) the yield to maturity of such Discounted Bond (determined on the basis of compounding at the close of each accrual period, and properly adjusted for the length of each accrual period), less (3) any interest payable on such Discounted Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, and will increase the owner's tax basis in such Discounted Bond. The adjusted basis in a Discounted Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Discounted Bond.

As described above regarding tax-exempt interest, a portion of the original issue discount that accrues in each year to an owner of a Discounted Bond may result in certain collateral federal income tax consequences. In the case of a corporation, such portion of the original issue discount will be included in the calculation of the corporation's alternative minimum tax liability and the environmental tax liability. Corporate owners of any Discounted Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability or an environmental tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discounted Bonds in the initial public offering but at a price different than the initial offering price at which a substantial amount of that maturity of the Discounted Bonds was sold to the public should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of obligations such as the Discounted Bonds. Owners who do not purchase Discounted Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

The initial offering prices of certain of the 2001 Series A Bonds (**Premium Bonds**) are more than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with original issue premium on such 2001 Series A Bonds.

Any Premium Bond purchased in the initial offering at the issue price will have “amortizable bond premium” within the meaning of Section 171 of the Code. An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of the Premium Bonds.

Prospective purchasers of the 2001 Series A Bonds should be aware that ownership of the 2001 Series A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income”, foreign corporations subject to branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2001 Series A Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2001 Series A Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed which, if enacted, could alter one or more of the federal tax matters referred to above or would adversely affect the market value of the 2001 Series A Bonds. It cannot be predicted whether or in what form any of such proposals may be enacted and whether, if enacted, such proposals will apply to obligations (such as the 2001 Series A Bonds) issued prior to enactment.

The interest on the 2001 Series A Bonds is not exempt from present Wisconsin income or franchise taxes. Investors should consult their own tax advisors with respect to the state and local tax consequences of owning a 2001 Series A Bond.

## **CONTINUING DISCLOSURE**

The State has made an undertaking, for the benefit of the beneficial owners of the 2001 Series A Bonds, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By approximately December 27 of each year, the State will send the report to each nationally recognized municipal securities information repository (**NRMSIR**) and to any state information depository (**SID**). The State will also provide notices of the occurrence of certain events specified in the undertaking to each NRMSIR, or the Municipal Securities Rulemaking Board (**MSRB**), and to any SID. As of the date of this Official Statement, no SID has been established. [Part I of the 2000 Annual Report, which contains information on the undertaking](#), is included by reference as part of this Official Statement.

Copies of the Annual Reports and notices may be obtained from:

State of Wisconsin Capital Finance Office  
Department of Administration  
101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
(608) 266-2305  
[capfin@doa.state.wi.us](mailto:capfin@doa.state.wi.us)

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the NRMSIRS, or the MSRB, and to any SID. In the last five years, the State has not failed to comply in any material respect with this or any similar undertaking.

Dated: November 13, 2001

## STATE OF WISCONSIN

By: /S/ SCOTT MCCALLUM  
Governor Scott McCallum, Chairperson  
State of Wisconsin Building Commission

By: /S/ ROBERT G. CRAMER  
Robert G. Cramer, Secretary  
State of Wisconsin Building Commission

By: /S/ TERRENCE D. MULCAHY  
Terrence D. Mulcahy, P.E., Secretary  
State of Wisconsin Department of Transportation

## APPENDIX A

### INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin (**State**). [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2000 \(2000 Annual Report\)](#) is included by reference as part of this APPENDIX A.

[Part II to the 2000 Annual Report](#) contains general information about the State. More specifically, that part presents information on the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization of, and services provided by, the State
- Results of fiscal year 1999-2000
- State budget
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as [APPENDIX A to Part II of the 2000 Annual Report are the audited general purpose financial statements for the fiscal year ending June 30, 2000](#), prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Government Accounting Standards Board, and the State Auditor's report.

The 2000 Annual Report has been filed with each nationally recognized municipal securities information repository (NRMSIR). Copies of the 2000 Annual Report are available from the Capital Finance Office web site and may also be obtained from:

State of Wisconsin Capital Finance Office  
Department of Administration  
101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
(608) 266-2305  
[capfin@doa.state.wi.us](mailto:capfin@doa.state.wi.us)

As of the date of this Official Statement, Part II of the 2000 Annual Report is available from the Capital Finance Office web site at the following address:

[www.doa.state.wi.us/debf/capfin/2000dis2.pdf](http://www.doa.state.wi.us/debf/capfin/2000dis2.pdf)

After publication and filing of the 2000 Annual Report, certain changes or events have occurred that affect items discussed in the 2000 Annual Report. Listed below, by reference to particular sections of the 2000 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRs. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRs. These informational notices do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

On August 28, 2001, Moody's Investors Service downgraded the rating on the State's general obligation bonds to Aa3 from Aa2.

On September 4, 2001, Fitch downgraded the rating on the State's general obligation bonds to AA from AA+.

**State Budget (pages 25-28).** Add the following:

**Budget for 2000-01**

The Annual Fiscal Report (Budgetary Basis) for the fiscal year ended June 30, 2001 was published on October 15, 2001. It reports the State ended the 2000-01 fiscal year on a statutory and unaudited basis with an unreserved, undesignated balance of \$208 million. The State did not issue any operating notes during the 2000-01 fiscal year.

The Annual Fiscal Report is not part of this document. A complete copy of the Annual Fiscal Report can be obtained from the State at the [address on page A-1](#).

The tables that appear below, and the following updates to Tables II-4 and II-5 of the 2000 Annual Report, include a summary of the results for the 2000-01 fiscal year.

**Budget for 2001-03**

On August 30, 2001, the Governor signed into law in part, and vetoed in part, the budget for the 2001-02 and 2002-03 fiscal years. A two-thirds vote in each house is required to override any veto. A copy of the approved budget, which incorporates vetoes made by the Governor, along with the Governor's veto message can be obtained from:

State of Wisconsin Capital Finance Office  
Department of Administration  
101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
(608) 266-2305  
[capfin@doa.state.wi.us](mailto:capfin@doa.state.wi.us)

The tables that appear below, the updates to the detailed summary of the all-funds budget on [page A-4](#), and general-fund budget on [page A-5](#) reflect the biennial budget, as enacted into law.

**General-Fund Basis  
(Amounts in Millions)**

	<u>Actual 2000-01</u>	<u>Budget 2001-02</u>	<u>Budget 2002-03</u>
Beginning Balance	\$ 836	\$ 198	\$ 275
Tax Revenues	10,079	10,661	11,131
Tobacco Securitization Proceeds	n/a	450	n/a
Tobacco Settlement Payments	124	155	158
Nontax Revenues	<u>9,082</u>	<u>8,010</u>	<u>8,112</u>
Total Amount Available	\$20,121	\$19,474	\$19,676
Total Disbursements/Reserves	<u>\$19,904</u>	<u>\$19,199</u>	<u>\$19,636</u>
Estimated Gross Balance	\$ 217	\$ 275	\$ 40
Required Statutory Reserve	<u>n/a</u>	<u>138</u>	<u>143</u>
Net Balance	\$ 217	\$ 137	\$ (103) <sup>(a)</sup>

<sup>(a)</sup> One of the Governor's vetoes prevented the shift of a school aid payment of \$115 million from June 2003 to July 2003 to avoid an increase in the State's GAAP deficit. This negative fund balance assumes that the Legislature's Joint Committee on Finance opts to make this payment when it sets the fiscal year 2002-2003 school aid funding level in June 2002. The budget meets the constitutional balance requirement because the gross balance is positive.

**All-Funds Basis  
(Amounts in Millions)**

	<u>Actual 2000-01</u>	<u>Budget 2001-02</u>	<u>Budget 2002-03</u>
Beginning Balance	\$ 836	\$ 198	\$ 275
Tax Revenues	11,089	10,661	11,131
Tobacco Securitization Proceeds	n/a	450	n/a
Tobacco Settlement Payments	124	155	158
Nontax Revenues	<u>11,054</u>	<u>19,898</u>	<u>20,038</u>
Total Amount Available	\$23,112	\$31,363	\$31,601
Total Disbursements/Reserves	<u>\$22,895</u>	<u>\$31,088</u>	<u>\$31,561</u>
Estimated Gross Balance	\$ 217	\$ 275	\$ 40
Required Statutory Reserve	<u>n/a</u>	<u>138</u>	<u>143</u>
Net Balance	\$ 217	\$ 137	\$ (103) <sup>(a)</sup>

<sup>(a)</sup> One of the Governor's vetoes prevented the shift of a school aid payment of \$115 million from June 2003 to July 2003 to avoid an increase in the State's GAAP deficit. This negative fund balance assumes that the Legislature's Joint Committee on Finance opts to make this payment when it sets the fiscal year 2002-2003 school aid funding level in June 2002. The budget meets the constitutional balance requirement because the gross balance is positive.

**Table II-3; State Budget--All Funds (Page 36).** Update the table with the following:

**State Budget--All Funds<sup>(a)</sup>**

	Actual 2000-2001 <sup>(b)</sup>	Budget 2000-2001	Budget 2001-2002	Budget 2002-2003
<b>RECEIPTS</b>				
Fund Balance from Prior Year.....	\$ 835,714,000	\$ 658,784,800 <sup>(c)</sup>	\$ 197,829,200	\$ 275,402,200
<b>Tax Revenue</b>				
Individual Income.....	5,156,565,000	5,158,800,000	5,455,527,500	5,687,055,500
General Sales and Use.....	3,609,895,000	3,710,000,000	3,750,575,400	3,975,136,000
Corporate Franchise and Income.....	537,159,000	658,300,000	594,197,100	606,318,500
Public Utility.....	239,238,000	220,000,000	244,000,000	249,977,500
<b>Excise</b>				
Cigarette/Tobacco Products.....	254,867,000	255,200,000	314,900,000 <sup>(d)</sup>	322,850,000 <sup>(d)</sup>
Liquor and Wine.....	35,543,000	33,500,000	35,900,000	36,800,000
Malt Beverage.....	9,365,000	9,300,000	9,500,000	9,500,000
Inheritance, Estate & Gift.....	77,084,000	75,000,000	110,000,000	91,000,000
Insurance Company.....	89,042,000	100,000,000	90,000,000	92,000,000
Other.....	1,089,472,000	61,000,000 <sup>(e)</sup>	56,600,000 <sup>(e)</sup>	60,300,000 <sup>(e)</sup>
Subtotal.....	11,098,230,000	10,281,100,000	10,661,200,000	11,130,937,500
<b>Nontax Revenue</b>				
<b>Departmental Revenue</b>				
Tobacco Settlement.....	124,389,000	124,763,700	155,526,000	157,602,800
Tobacco Securitization.....	NA	NA	450,000,000	NA
Other.....	226,993,000	190,946,100	228,159,800	205,922,300
Total Federal Aids.....	5,499,440,000	4,703,374,700	5,480,779,400	5,569,179,100
Total Program Revenue.....	3,382,374,000	2,734,917,200	3,017,256,400	3,081,343,100
Total Segregated Funds.....	3,998,487,000	2,292,791,500	3,210,905,000	2,908,494,600
Bond Authority.....	1,012,419,000	400,000,000	500,000,000	383,000,000
Employee Benefit Contributions <sup>(f)</sup> .....	(3,065,828,000)	7,051,394,300	7,461,324,917	7,889,603,973
Subtotal.....	11,178,274,000	17,498,187,500	20,503,951,517	20,195,145,873
Total Available.....	\$ 23,112,218,000	\$ 28,438,072,300	\$ 31,362,980,717	\$ 31,601,485,573
<b>DISBURSEMENTS AND RESERVES</b>				
Commerce.....	\$ 450,530,000	\$ 415,866,300	\$ 424,005,100	\$ 424,913,400
Education.....	8,673,626,000	8,223,303,400	8,705,842,100	8,992,452,100
Environmental Resources.....	2,805,522,000	2,437,927,900	2,681,682,500	2,693,527,500
Human Relations and Resources.....	8,597,677,000	6,733,347,000	7,795,217,500	8,050,009,400
General Executive.....	4,360,894,000	669,656,800	770,231,300	769,646,400
Judicial.....	109,019,000	104,709,200	105,252,300	105,622,700
Legislative.....	62,220,000	59,086,500	63,818,500	63,112,500
General Appropriations.....	3,108,270,000	2,163,488,700	2,695,544,400	2,269,025,800
General Obligation Bond Program.....	583,078,000	400,000,000	500,000,000	383,000,000
Employee Benefit Payments <sup>(f)</sup> .....	2,655,528,000	2,695,311,400	3,377,515,809	3,830,081,149
Reserve for Employee Benefit Payments <sup>(f)</sup> .....	0	4,356,082,900	4,083,809,108	4,059,522,824
Subtotal.....	31,406,364,000	28,258,780,100	31,202,918,617	31,640,913,773
Less: (Lapses).....	NA	(122,124,800)	(149,272,400)	(177,409,300)
Compensation Reserves.....	NA	117,750,000	27,900,000	82,500,000
Required Statutory Balance.....	NA	134,328,600	138,726,600	142,701,500
Transfer to Tobacco Control Board.....	NA	NA	6,032,300	15,345,100
Change in Continuing Balance.....	(8,511,569,000)	NA	NA	NA
Total Disbursements & Reserves.....	\$ 22,894,795,000	\$ 28,388,733,900	\$ 31,226,305,117	\$ 31,704,051,073
Fund Balance.....	\$ 217,423,000	\$ 49,338,400	\$ 136,675,600	\$ (102,565,500) <sup>(g)</sup>
Undesignated Balance.....	\$ 207,508,000	\$ 183,667,000	\$ 275,402,200	\$ 40,136,000

- (a) The amounts shown are based on statutorily required accounting and not on GAAP.
- (b) The amounts shown are unaudited and rounded to the nearest thousand.
- (c) The beginning balance for the 2000-2001 fiscal year represents information when the budget became law.
- (d) The increase is the result of an \$0.18 per pack increase on cigarettes.
- (e) The budgeted amounts do not include taxes collected for segregated funds. The largest such tax is the motor fuel tax. The State collected \$827 million of motor fuel taxes in the 2000-2001 fiscal year.
- (f) State law separates the accounting of employee benefits from the budget. They are included for purposes of comparability to the figures presented in this table and Tables II-1 and II-2 in the 2000 Annual Report.
- (g) One of the Governor's vetoes prevented the shift of a school aid payment of \$115 million from June 2003 to July 2003 to avoid an increase in the State's GAAP deficit. This negative fund balance assumes that the Legislature's Joint Committee on Finance opts to make this payment when it sets the fiscal year 2002-2003 school aid funding level in June 2002. The budget meets the constitutional balance requirement because the Undesignated Balance is positive.

Sources: Legislative Fiscal Bureau and Wisconsin Department of Administration.

**Table II-4; State Budget–General Fund (Page 37).** Update the table with the following:

**State Budget–General Fund<sup>(a)</sup>**

	<u>Actual 2000-2001<sup>(b)</sup></u>	<u>Budget 2000-2001</u>	<u>Budget 2001-2002</u>	<u>Budget 2002-2003</u>
<b>RECEIPTS</b>				
Fund Balance from Prior Year.....	\$ 835,714,000	\$ 658,784,800 <sup>(c)</sup>	\$ 197,829,200	\$ 275,402,200
<b>Tax Revenue</b>				
State Taxes Deposited to General Fund				
Individual Income.....	5,156,565,000	5,158,800,000	5,455,527,500	5,687,055,500
General Sales and Use.....	3,609,895,000	3,710,000,000	3,750,575,400	3,975,136,000
Corporate Franchise and Income.....	537,159,000	658,300,000	594,197,100	606,318,500
Public Utility.....	239,238,000	220,000,000	244,000,000	249,977,500
<b>Excise</b>				
Cigarette/Tobacco Products.....	254,867,000	255,200,000	314,900,000 <sup>(d)</sup>	322,850,000 <sup>(d)</sup>
Liquor and Wine.....	35,543,000	33,500,000	35,900,000	36,800,000
Malt Beverage.....	9,365,000	9,300,000	9,500,000	9,500,000
Inheritance, Estate & Gift.....	77,084,000	75,000,000	110,000,000	91,000,000
Insurance Company.....	89,042,000	100,000,000	90,000,000	92,000,000
Other.....	70,573,000	61,000,000	56,600,000	60,300,000
Subtotal.....	<u>10,079,331,000</u>	<u>10,281,100,000</u>	<u>10,661,200,000</u>	<u>11,130,937,500</u>
<b>Nontax Revenue</b>				
Departmental Revenue				
Tobacco Settlement.....	124,389,000	124,763,700	155,526,000	157,602,800
Tobacco Securitization.....	NA	NA	450,000,000	NA
Other.....	226,993,000	190,946,100	228,159,800	205,922,300
Program Revenue-Federal.....	5,472,647,000	4,121,351,700	4,764,099,400	4,824,834,300
Program Revenue-Other.....	3,382,374,000	2,734,917,200	3,017,256,400	3,081,343,100
Subtotal.....	<u>9,206,403,000</u>	<u>7,171,978,700</u>	<u>8,615,041,600</u>	<u>8,269,702,500</u>
Total Available.....	<u>\$ 20,121,448,000</u>	<u>\$ 18,111,863,500</u>	<u>\$ 19,474,070,800</u>	<u>\$ 19,676,042,200</u>
<b>DISBURSEMENTS AND RESERVES</b>				
Commerce.....	\$ 221,297,000	\$ 220,214,600	\$ 229,323,700	\$ 234,907,900
Education.....	8,353,243,000	8,163,838,300	8,637,401,400	8,920,102,400
Environmental Resources.....	272,918,000	259,939,200	254,440,800	262,716,600
Human Relations and Resources.....	7,287,626,000	6,541,581,500	7,441,989,600	7,520,124,900
General Executive.....	651,970,000	569,934,100	635,922,900	636,185,000
Judicial.....	108,676,000	104,051,400	104,543,200	104,913,600
Legislative.....	62,220,000	59,086,500	63,818,500	63,112,500
General Appropriations.....	<u>2,490,467,000</u>	<u>2,013,925,700</u>	<u>1,946,568,600</u>	<u>1,973,407,500</u>
Subtotal.....	<u>19,448,417,000</u>	<u>17,932,571,300</u>	<u>19,314,008,700</u>	<u>19,715,470,400</u>
Less: (Lapses).....	NA	(122,124,800)	(149,272,400)	(177,409,300)
Compensation Reserves.....	NA	117,750,000	27,900,000	82,500,000
Required Statutory Balance.....	NA	134,328,600	138,726,600	142,701,500
Transfer to Tobacco Control Board.....	NA	NA	6,032,300	15,345,100
Changes in Continuing Balance.....	<u>455,608,000</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
Total Disbursements & Reserves.....	<u>\$ 19,904,025,000</u>	<u>\$ 18,062,525,100</u>	<u>\$ 19,337,395,200</u>	<u>\$ 19,778,607,700</u>
Fund Balance.....	\$ 217,423,000	\$ 49,338,400	\$ 136,675,600	\$ (102,565,500) <sup>(e)</sup>
Undesignated Balance.....	\$ 207,508,000	\$ 183,667,000	\$ 275,402,200	\$ 40,136,000

- (a) The amounts shown are based on statutorily required accounting and not on GAAP.
- (b) The amounts shown are unaudited and rounded to the nearest thousand.
- (c) The beginning balance for the 2000-2001 fiscal year represents information when the budget became law.
- (d) The increase is the result of an \$0.18 per pack increase on cigarettes.
- (e) One of the Governor's vetoes prevented the shift of a school aid payment of \$115 million from June 2003 to July 2003 to avoid an increase in the State's GAAP deficit. This negative fund balance assumes that the Legislature's Joint Committee on Finance opts to make this payment when it sets the fiscal year 2002-2003 school aid funding level in June 2002. The budget meets the constitutional balance requirement because the Undesignated balance is positive.

**Sources: Legislative Fiscal Bureau and Wisconsin Department of Administration.**

**Table II-8; General Fund Monthly Position (Page 37).** Update the table with the following:

**GENERAL FUND MONTHLY CASH POSITION<sup>(a)</sup>**  
**July 1, 1999 through September 31, 2001 — Actual**  
**October 1, 2001 through June 30, 2002 — Estimated<sup>(b)</sup>**  
**(Amounts in Thousands)**

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts<sup>(c)</sup></u>	<u>Disbursements<sup>(c)</sup></u>	
1999	July.....	\$ 736,269	\$ 1,441,009	\$ 1,836,987	
	August.....	340,291	1,308,849	868,154	
	September.....	780,986	1,547,229	1,292,942	
	October.....	1,035,273	1,331,192	1,031,907	
	November.....	1,334,558	1,433,801	1,794,197	
	December.....	974,162	1,449,618	1,987,753	
	2000	January.....	436,027	2,095,798	1,693,313
		February.....	838,512	1,544,207	1,240,280
		March.....	1,142,439	1,526,625	2,143,437
		April.....	525,627	1,812,812	1,174,173
		May.....	1,164,266	1,580,865	1,172,474
		June.....	1,572,657	1,910,223	2,811,272
July.....		671,608	1,405,811	1,674,899	
August.....		402,520	1,391,600	1,036,240	
September.....		757,880	1,716,848	1,540,488	
October.....		934,240	1,545,868	1,039,609	
November.....		1,440,499	1,451,918	1,886,868	
December.....		1,005,549	1,335,205	2,070,373	
2001	January.....	270,381	2,143,861	1,190,946	
	February.....	1,223,296	1,494,577	1,339,377	
	March.....	1,378,496	1,381,012	2,312,836	
	April.....	446,672	2,042,531	1,469,093	
	May.....	1,020,110	1,800,948	1,405,982	
	June.....	1,415,076	1,698,317	2,831,828	
	July.....	281,565	1,575,450	1,853,617	
	August.....	3,398	1,497,565	1,103,304	
	September.....	397,659	2,520,198	1,627,038	
	October.....	1,290,819	1,539,588	1,135,225	
	November.....	1,695,182	1,540,188	2,354,337	
	December.....	881,033	1,533,197	2,070,692	
2002	January.....	343,538	2,148,824	1,258,875	
	February.....	1,233,487	1,527,633	1,522,191	
	March.....	1,238,929	1,646,899	2,696,595	
	April.....	189,233	1,922,739	1,467,253	
	May.....	644,719	1,616,493	1,735,996	
	June.....	525,216	2,334,466	2,705,123	

<sup>(a)</sup> The General Fund balances presented in this table are not based on Generally Accepted Accounting Principles (GAAP).

<sup>(b)</sup> The monthly receipt and disbursement projections for October 1, 2001 through June 30, 2002 are based on estimates provided by the Division of Executive Budget and Finance and the 2001-03 biennial budget signed into law by the Governor (2001 Wisconsin Act 16).

<sup>(c)</sup> The amounts shown in September 2001 include receipts from the issuance of operating notes and amounts shown in February–May 2002 include disbursements for impoundment payments required in connection with the operating notes. No operating notes were issued in the 1999-2000 or 2000-01 fiscal years. In addition, the receipt amounts shown in June 2002 include receipt of \$450 million from proceeds of the expected securitization of tobacco settlement revenues due the State under the Master Settlement Agreement.

**Source: Wisconsin Department of Administration.**

**Table II-9; Balances in Funds Available for Interfund Borrowing (Page 38).** Update the table with the following:

**BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING<sup>(a)</sup>**  
**July 1, 1999 to September 1, 2001 — Actual**  
**October 1, 2001 to June 1, 2002 — Estimated<sup>(b)</sup>**  
 (Amounts in Millions)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
January .....		\$ 3,735	\$ 3,701	\$ 1,654
February .....		4,159	4,435	1,726
March .....		4,262	4,786	1,798
April .....		4,267	5,212	1,821
May .....		3,961	4,952	1,725
June .....		3,636	4,680	1,680
July .....	\$ 4,017	3,733	4,925	
August .....	4,245	4,084	5,275	
September .....	3,865	3,743	4,785	
October .....	3,820	3,796	1,650 <sup>(b)</sup>	
November .....	3,374	3,378	1,530	
December .....	3,411	3,489	1,578	

<sup>(a)</sup> Consists of the following funds:

Transportation	Common School
Conservation (Partial)	Normal School
Wisconsin Health Education Loan Repayment	University
Waste Management	Local Government Investment Pool
Wisconsin Election Campaign	Farms for the Future
Investment & Local Impact	Agrichemical Management
Elderly Property Tax Deferral	Historical Society Trust
Lottery	School Income Fund
Children's Trust	Benevolent
Racing	Groundwater
Work Injury Supplemental Benefit	Petroleum Storage Environmental Cleanup
Unemployment Compensation Interest Repayment	Environmental Improvement Fund
Uninsured Employers	Environmental
Health Insurance Risk Sharing Plan	Recycling
Local Government Property Insurance	University Trust Principal
Patients Compensation	Veterans Mortgage Loan Repayment
Mediation	State Building Trust
Agricultural College	

<sup>(b)</sup> Estimated balances for October 1, 2001 and succeeding months include only 20% of the amount estimated to be available for the local government investment pool. The local government investment pool is composed of funds deposited by local units of government that may be withdrawn without notice. Balances in the local government investment pool ranged from a low of \$63 million on July 1, 1983 to a high of \$4.426 billion on March 1, 1994. Under Section 20.002 (11), Wisconsin Statutes, interfund borrowing is limited to 5% of the total general-purpose revenue appropriations then in effect, which based on the 2001-2002 budget is approximately \$571 million, and an additional 3% (approximately \$343 million) for a period of up to 30 days.

**Source: Wisconsin Department of Administration.**

**Table II-10; Revenues Deposited to the General Fund (Page 39).** Update the table with the following:

**GENERAL FUND REVENUES<sup>(a)</sup>**  
**July 1, 2001 to September 30, 2001 compared with previous year**  
**(Unaudited)**

	<b>Actual Revenues</b> <b><u>2000-01FY<sup>(b)</sup></u></b>	<b>Projected</b> <b>Revenues</b> <b><u>2001-02 FY</u></b>	<b>Actual Revenues</b> <b>July 1, 2000 to</b> <b><u>September 30, 2000</u></b>	<b>Actual Revenues</b> <b>July 1, 2001 to</b> <b><u>September 30, 2001</u></b>
Individual Income Tax .....	\$ 5,156,565,000	\$ 5,455,527,500	\$ 977,776,898	\$ 940,043,907
General Sales and Use Tax ..	3,609,895,000	3,750,485,400	585,787,323	597,787,084
Corporate Franchise and Income Tax .....	537,159,000	594,297,100	136,278,282	129,607,993
Public Utility Taxes .....	239,238,000	244,000,000	0	53,777
Excise Taxes .....	299,775,000	360,300,000	55,982,951	53,974,674
Inheritance Taxes .....	77,084,000	110,000,000	20,497,121	26,012,831
Miscellaneous Taxes .....	159,615,000	146,600,000	17,603,426	19,203,146
SUBTOTAL.....	<u>10,079,331,000</u>	<u>10,661,210,000</u>	<u>1,793,926,002</u>	<u>1,766,683,411</u>
Federal Receipts.....	5,472,647,000	4,764,099,400	943,523,168	1,213,128,625
Dedicated and Other Revenues <sup>(c)</sup> .....	<u>3,733,756,000</u>	<u>3,850,942,200</u>	<u>807,089,276</u>	<u>855,741,405</u>
TOTAL.....	<u>\$ 19,285,734,000</u>	<u>\$ 19,276,251,600</u>	<u>\$ 3,544,538,445</u>	<u>\$ 3,835,553,441</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. The statutory accounting basis requires that some cash deposits made after June 30th are recorded as revenues in the prior fiscal prior year. Therefore, the revenues in this table will not be comparable to the receipts shown in the general fund monthly cash flow table included on page A-6. See "ACCOUNTING AND FINANCIAL REPORTING" in Part II of the 2000 Annual Report.

(b) The amounts shown are the sum of all revenues for fiscal year 2000-01 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ended June 30, 2001.

(c) The statutory basis of accounting requires that certain transfers between General Fund appropriations be recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.

**Source: Wisconsin Department of Administration.**

**Table II-11; General Fund Expenditures by Function (Page 40).** Update the table with the following:

**GENERAL FUND EXPENDITURES BY FUNCTION<sup>(a)</sup>  
July 1, 2001 to September 30, 2001 compared with previous year  
(Unaudited)**

	Actual Expenditures 2000-01 FY <sup>(b)</sup>	Appropriations 2001-02 FY	Actual Expenditures July 1, 2000 to September 30, 2000	Actual Expenditures July 1, 2001 to September 30, 2001
Commerce.....	\$ 221,297,000	\$ 229,323,700	\$ 55,732,151	\$ 57,131,346
Education.....	8,353,243,000	8,637,401,400	1,500,220,504	1,676,189,422
Environmental Resources.....	272,918,000	254,440,800	29,244,693	72,602,569
Human Relations & Resources.....	7,287,626,000	7,441,989,600	1,604,524,415	1,808,092,471
General Executive.....	651,970,000	635,922,900	131,937,117	130,647,163
Judicial.....	108,676,000	104,543,200	33,552,835	31,761,331
Legislative.....	62,220,000	63,818,500	12,061,209	11,885,589
General Appropriations.....	2,490,467,000	1,946,568,600	691,660,658	683,187,074
<b>TOTAL.....</b>	<b>\$ 19,448,417,000</b>	<b>\$ 19,314,008,700</b>	<b>\$ 4,058,933,582</b>	<b>\$ 4,471,496,966</b>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. The statutory accounting basis requires that some expenditures made after June 30th be recorded as expenses in the prior fiscal prior year. Therefore, the expenditures in this table will not be comparable to the disbursements shown in the general fund monthly cash flow table on page A-6. See "ACCOUNTING AND FINANCIAL REPORTING" in Part II of the 2000 Annual Report.

(b) The amounts shown are the sum of all expenditures for fiscal year 2000-01 based on the data used in the preparation of the Annual Fiscal Report (Budgetary Basis) for the year ending June 30, 2001.

**Source: Wisconsin Department of Administration.**

## APPENDIX B

### INFORMATION ABOUT THE TRANSPORTATION REVENUE BOND PROGRAM

This Appendix includes information concerning the State of Wisconsin Transportation Revenue Bond Program. [Part V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2000 \(2000 Annual Report\)](#) is included by reference as part of this APPENDIX B.

Part V to the 2000 Annual Report contains information concerning the Transportation Revenue Bond Program, security for the Bonds, including sources of payment, Registration Fees, Registration Fee collection procedures, Reserve Fund and additional Bonds, the Transportation Projects Commission, the Wisconsin Department of Transportation, and a summary of the General Resolution.

Included as [APPENDIX A to Part V are the audited financial statements](#) for the Transportation Revenue Bond Program for the fiscal year ending June 30, 2000. See [page B-5](#) of this Official Statement for the audited financial statements for the fiscal year ending June 30, 2001.

The 2000 Annual Report has been filed with each nationally recognized municipal securities information repository (NRMSIR). Copies of the 2000 Annual Report are available from the Capital Finance Office web site and may also be obtained from:

State of Wisconsin Capital Finance Office  
Department of Administration  
101 East Wilson Street Fl 10  
P.O. Box 7864  
Madison, WI 53707-7864  
(608) 266-2305  
[capfin@doa.state.wi.us](mailto:capfin@doa.state.wi.us)

As of the date of this official statement, Part V of the 2000 Annual Report is available from the Capital finance Office web site at the following address:

<http://www.doa.state.wi.us/debf/capfin/2000dis5.pdf>

After publication and filing of the 2000 Annual Report, certain changes or events have occurred that affect items discussed in the 2000 Annual Report. Listed below, by reference to particular sections of the 2000 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRS. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRS. These informational notices do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

**Security; Reserve Fund; Ambac Assurance (Page 139).** Update with the following:

Ambac Assurance Corporation (**Ambac Assurance**) is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$4,830,000,000 (unaudited) and statutory capital of approximately \$2,870,000,000 (unaudited) as of June 30, 2001. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Ratings Services, Moody's Investors Service, and Fitch have each assigned a triple-A financial strength rating to Ambac Assurance.

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (**Company**), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (**Exchange Act**), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (**SEC**). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. (**NYSE**) at 20 Broad Street, New York, New York 10005. The Company's Common Stock is listed on the NYSE.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York, 10004 and (212) 668 0340.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer.

**Table V-2; Debt Service of Outstanding Transportation Revenue Bonds and Estimated Revenue Coverage (Page 141).** Replace the table with the following:

The following table shows the forecasted coverage of annual debt service on the Outstanding Bonds following the issuance of the 2001 Series A Bonds, based on the Department's estimated Registration Fees for 2002-2011. There can be no assurance that the estimated Registration Fees will be realized in the amounts shown.

**Debt Service on the 2001 Series A Bonds  
and Estimated Revenue Coverage for Outstanding Bonds**

Year Ending (July 1)	Principal	Coupon	Interest	Period Total	Prior Debt Service	Total Debt Service <sup>(a)</sup>	Estimated Revenue (Millions) <sup>(b)</sup>	Estimated Coverage Ratio <sup>(c)</sup>
2002			3,970,724.26 #	3,970,724.26	81,667,757.50	97,497,231.76	\$ 329.00	3.37
2003	9,420,000	3.00%	6,325,047.50 #	15,745,047.50	81,613,500.00	109,477,297.50	332.00	3.03
2004	5,705,000	3.00%	6,042,447.50	11,747,447.50	85,596,822.50	109,465,520.00	348.20	3.18
2005	6,015,000	3.00%	5,871,297.50	11,886,297.50	85,434,485.00	109,445,532.50	354.00	3.23
2006	6,355,000	4.00%	5,690,847.50	12,045,847.50	85,438,900.00	109,608,247.50	373.20	3.40
2007	16,675,000	5.00%	5,436,647.50	22,111,647.50	73,691,452.50	107,925,100.00	381.90	3.54
2008	12,385,000	5.00%	4,602,897.50	16,987,897.50	74,541,122.50	103,648,520.00	403.90	3.90
2009	13,000,000	5.00%	3,983,647.50	16,983,647.50	70,410,047.50	99,513,945.00	415.40	4.17
2010	13,655,000	5.00%	3,333,647.50	16,988,647.50	57,384,867.50	86,496,765.00	440.50	5.09
2011	14,330,000	5.00%	2,650,897.50	16,980,897.50	57,428,925.00	86,532,322.50	455.20	5.26
2012	2,990,000	4.00%	1,934,397.50	4,924,397.50	67,178,562.50	84,225,210.00		
2013	3,140,000	4.10%	1,814,797.50	4,954,797.50	67,681,637.50	84,757,935.00		
2014	3,295,000	4.25%	1,686,057.50	4,981,057.50	67,715,812.50	84,821,120.00		
2015	3,460,000	4.25%	1,546,020.00	5,006,020.00	59,254,887.50	76,385,157.50		
2016	3,630,000	4.50%	1,398,970.00	5,028,970.00	50,328,212.50	67,477,682.50		
2017	3,815,000	4.50%	1,235,620.00	5,050,620.00	40,958,787.50	58,131,407.50		
2018	4,005,000	4.60%	1,063,945.00	5,068,945.00	40,989,412.50	58,180,607.50		
2019	4,205,000	4.70%	879,715.00	5,084,715.00	41,114,887.50	46,199,602.50		
2020	4,415,000	4.90%	682,080.00	5,097,080.00	32,417,800.00	37,514,880.00		
2021	4,635,000	4.90%	465,745.00	5,100,745.00	32,420,500.00	37,521,245.00		
2022	4,870,000	4.90%	238,630.00	5,108,630.00	16,088,750.00	21,197,380.00		
	<u>\$ 140,000,000</u>					<u>\$ 1,676,022,709</u>		

- (a) Includes debt service on assumed bond issue that could be issued to fund currently outstanding transportation revenue commercial paper notes.  
(b) Excludes interest earnings  
(c) Assumes no additional bonds will be issued and continuation of current registration fees.

**Table V-5; Motor Vehicle Registrations (Page 143).** Replace the table with the following:

**Motor Vehicle Registrations  
1992 to 2001  
(Millions of Vehicles)**

Fiscal Year (June 30)	Automobiles	Trucks <sup>(a)</sup>	Other Vehicles <sup>(a)</sup>	Total	% Change
1992	2.48	1.18	.39	4.05	—
1993	2.45	1.25	.43	4.13	1.98%
1994	2.43	1.31	.41	4.15	0.48
1995	2.42	1.40	.46	4.28	3.13
1996	2.40	1.46	.40	4.26	(0.47)
1997	2.37	1.54	.43	4.34	1.88
1998	2.40	1.67	.44	4.51	3.92
1999	2.40	1.74	.47	4.61	2.22
2000	2.41	1.82	.47	4.70	1.95
2001	2.41	1.92	.53	4.86	3.40

- (a) "Other Vehicles" include mobile homes, mopeds, buses and several other vehicle types.  
"Trucks" include minivans and sport utility vehicles.

**Source: Wisconsin Department of Transportation**

**Table V-6; Section 341 Registration Fee Revenues (Page 144).** Replace the table with the following:

**Section 341.25 Registration Fee Revenues  
1992 to 2001  
(Amounts in Millions)**

Fiscal Year (June 30)	Non-IRP Fees	Pledged IRP Fees	Total	% Change
1992	\$173.6	\$34.1	\$207.7	—
1993	192.7	36.0	228.7	10.1%
1994	198.5	37.1	235.6	3.0
1995	203.7	42.3	246.0	4.4
1996	205.4	43.3	248.7	1.1
1997	207.4	46.8	254.2	2.2
1998	232.4	48.2	280.6	10.4
1999	244.6	49.9	294.5	5.1
2000	255.7	55.1	310.8	5.5
2001 <sup>(a)</sup>	258.6	55.5	313.9	1.0

<sup>(a)</sup> Unaudited.

**Source: Wisconsin Department of Transportation**

**Table V-7; Projected Section 341.25 Registration Fee Revenues (Page 146).** Replace the table with the following:

**Projected Section 341.25 Registration Fee Revenues  
2002 to 2011**

Fiscal Year	Revenues <sup>(a)</sup> (Amounts in Millions)	% Change
2002	\$329.0	—
2003	332.0	0.9%
2004	348.2	4.9
2005	354.0	1.7
2006	373.2	5.4
2007	381.9	2.3
2008	403.9	5.8
2009	415.4	2.8
2010	440.5	6.0
2011	455.2	3.3

<sup>(a)</sup> Includes both IRP and non-IRP Section 341.25 revenues.

**Source: Wisconsin Department of Transportation**

**APPENDIX A; Audited Financial Statements (Page 171).** The following are audited financial statements for the year ended June 30, 2001, and include, (1) for the Transportation Revenue Bond Program, the Report of Independent Public Accountants, dated September 20, 2001 and supplemental information pertaining to the Program Revenues, and (2) for the Transportation Revenue Commercial Paper Program, the Report of Independent Public Accountants, dated September 20, 2001.

**Wisconsin Department of Transportation  
Revenue Bond Program**

**1989 Series A, 1991 Series A, 1992 Series A,  
1992 Series B, 1993 Series A, 1994 Series A,  
1995 Series A, 1996 Series A, 1998 Series A,  
1998 Series B and 2000 Series A**

**Statements of Changes in Program Assets—Cash Basis  
For the Years Ended June 30, 2001 and 2000  
Together with Report of Independent Public Accountants**

# Wisconsin Department of Transportation Revenue Bond Program

## Statements of Changes in Program Assets—Cash Basis As of June 30, 2001 and 2000

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## **Report of Independent Public Accountants**

To the Directors of the  
Wisconsin Department of Transportation  
Revenue Bond Program:

We have audited the Statements of Changes in Program Assets—Cash Basis of the 1989 Series A, 1991 Series A, 1992 Series A, 1992 Series B, 1993 Series A, 1994 Series A, 1995 Series A, 1996 Series A, 1998 Series A, 1998 Series B and 2000 Series A bonds of the Wisconsin Department of Transportation Revenue Bond Program (the “Program”) for the years ended June 30, 2001 and 2000. These statements and supplemental information are the responsibility of the Program’s directors. Our responsibility is to express an opinion on these statements and supplemental information based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors of the Program, as well as evaluating the overall statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, the Program’s policy is to prepare its Statements of Changes in Program Assets on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the statements of changes in program assets referred to above present fairly, in all material respects, the changes in Program assets—cash basis of the 1989 Series A, 1991 Series A, 1992 Series A, 1992 Series B, 1993 Series A, 1994 Series A, 1995 Series A, 1996 Series A, 1998 Series A, 1998 Series B and 2000 Series A bonds of the Wisconsin Department of Transportation Revenue Bond Program for the years ended June 30, 2001 and 2000, on the basis of accounting described in Note 2.

Our audit was made for the purpose of forming an opinion on the Statements of Changes in Program Assets taken as a whole. The supplementary information required by the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution on pages 11 through 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the

basic statements and, in our opinion, is fairly stated in all material respects in relation to the basic statements taken as a whole. The Statements of Motor Vehicle Registration Fees—Cash Basis for the Years Ending June 30, 2001 and 2000 on page 4 and the supplementary information on page 22 are presented for purposes of additional analysis and are not a required part of the basic statements. This information has not been subjected to the auditing procedures applied in our audit of the basic statements and, accordingly, we express no opinion on it.

*Arthur Andersen LLP*

ARTHUR ANDERSEN LLP

Milwaukee, Wisconsin  
September 20, 2001

**Wisconsin Department of Transportation  
Revenue Bond Program**

Statements of Changes in Program Assets—Cash Basis  
For the Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Program Asset Balance, Beginning of Year	\$54,027,808	\$115,888,063
Receipts:		
Motor Vehicle Registration Fees Retained by Trustee	78,570,958	72,497,788
Investment Income	3,127,205	3,840,521
Bond Proceeds	<u>123,700,000</u>	<u>-</u>
Total Receipts	205,398,163	76,338,309
Disbursements:		
Debt Service--Principal	33,705,000	30,860,000
Debt Service--Interest	39,488,356	41,062,586
Highway Program Expenditures	119,202,000	65,829,916
Program Expenses	116,522	85,918
Advance to Commercial Paper Program	318,629	360,144
Bond Issue Costs	<u>178,805</u>	<u>-</u>
Total Disbursements	193,009,312	138,198,564
Program Asset Balance, End of Year	<u>\$66,416,659</u>	<u>\$54,027,808</u>
Program Assets Reserved for Debt Service	\$60,401,254	\$53,877,305
Program Assets Reserved for Program Expenses	208,213	140,930
Program Assets Reserved for Highway Expenditures	5,807,192	9,573

The accompanying notes to statements are an integral part of these statements.

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Supplementary Information

Statements of Motor Vehicle Registration Fees—Cash Basis  
For the Years Ended June 30, 2001 and 2000 (Unaudited)

	<u>2001</u>	<u>2000</u>
Motor Vehicle Registration Fees Remitted to Trustee	\$314,396,188	\$311,320,449
Less:		
Motor Vehicle Registration Fees Available for Commercial Paper Program	(10,522,362)	(11,691,287)
Motor Vehicle Registration Fees Available for Transportation Fund	<u>(225,302,868)</u>	<u>(227,131,374)</u>
Motor Vehicle Registration Fees Retained by Trustee	<u>\$78,570,958</u>	<u>\$72,497,788</u>

# Wisconsin Department of Transportation Revenue Bond Program

## Notes to Statements of Changes in Program Assets—Cash Basis For the Years Ended June 30, 2001 and 2000

### (1) Nature of Program-

The Wisconsin Department of Transportation Revenue Bond Program (the “Program”) originated in April 1984 pursuant to the adoption of the General Resolution by the State of Wisconsin Building Commission. The purpose of the program is to provide financing for the construction, maintenance and repair of certain major highway projects and administrative facilities. Receipts provided from registration fees are used to service the Program’s debt.

### (2) Summary of Significant Accounting Policies-

#### Cash Basis of Accounting-

The Statements of Changes in Program Assets present the Program’s receipts and disbursements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. Under the cash basis of accounting, receipts are recorded when received and disbursements are recorded when paid. The Program’s assets consist of money market funds, investment contracts and U.S. treasury notes, at amortized cost. The fiscal 2000 financial statement presentation has been changed from the accrual method to the cash basis. The following is a reconciliation of Program assets at July 1, 1999 as previously reported to the current presentation:

Total Program Assets Under the Accrual Method, July 1, 1999, as Previously Reported	\$869,374,481
Deduct Accrual Based Assets:	
Cumulative Project Costs	(747,111,272)
Deferred Debt Costs	(4,339,847)
Accrued Transfer of Program Expenses to Commercial Paper Program	(787,531)
Accrued Interest on Investments	<u>(1,247,768)</u>
Total Program Assets Under the Cash Method, July 1, 1999	<u>\$115,888,063</u>

The Wisconsin Department of Transportation (“Department”) has entered into trust agreements with Bank One Trust Company N.A., Milwaukee, Wisconsin, relating to the creation and administration of the State of Wisconsin Transportation Revenue Bonds, 1989 Series A, 1991 Series A, 1992 Series A, 1992 Series B, 1993 Series A, 1994 Series A, 1995 Series A, 1996 Series A, 1998 Series A, 1998 Series B and 2000 Series A. Among other provisions, the trust agreements, in conjunction with the General Resolution, specify those funds to be created and maintained, the timing and flow of monies through the funds, the formula for computing the Debt Service Reserve requirements and the procedure to be followed for the redemption of the bonds. It is Program directors’ view that the Statement of Changes in Program Assets—Cash Basis along with the related notes meets these provisions.

#### Receipts and Disbursements-

##### Motor Vehicle Registration Fees Retained by Trustee-

Motor vehicle registration fees retained by trustee are recorded at time of impounding, when transfer of possession occurs.

#### Investment Income-

Investment income is recorded when received and includes gains and losses on sales or maturities of investments.

#### Bond Proceeds-

Bond proceeds are recorded upon sale at gross value of the issuance. All related fees are considered bond issue costs within disbursements.

#### Debt Service -- Principal and Interest-

Debt service payments are recorded when paid.

#### Highway Program Expenditures-

Highway program expenditures are recorded when paid from the Program to the Transportation Fund.

#### Program Expenses-

Program expenses are recorded when paid.

#### Advance to Commercial Paper Program-

Advance to Commercial Paper Program represents payments made by the Program for expenses on behalf of the Commercial Paper Program.

#### Investments-

The Program's investment policies are governed by the Program Resolution and Wisconsin Statutes. The Program is authorized by statute to invest in direct obligations of the United States maturing in one year from the date of investment. In addition, statutes allow those funds not reserved for debt service to be invested in direct obligations of the United States, its agencies and corporations, certain banks, high-quality corporate commercial paper, and certificates of deposit.

For fiscal years 2001 and 2000, the trustee invested the Program's funds in money market funds, guaranteed investment contracts, and U.S. government securities. As of June 30, 2001, \$31,355,771 is invested in money market funds, \$5,806,888 is invested in guaranteed investment contracts, and \$29,254,000 is invested in U.S. treasury notes. As of June 30, 2000, \$54,027,808 is invested in money market funds. Money market funds are categorized as risk category 3 in accordance with Governmental Accounting Standards Board (GASB) Statement No. 3, as the investments are not insured or collateralized. The U.S. treasury notes were registered and held by the Program's agent in the Program's name. Therefore, these investments are categorized as risk category 1. Under GASB Statement No. 3, guaranteed investment contracts are not classified in categories of credit risk as they are direct contractual investments and are not securities.

The Program asset balance consists of investments, at amortized cost which approximates fair market value, in accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".

(3) Revenue Bonds-

The Program's revenue obligations are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes as amended, Section 84.59 of the Wisconsin Statutes and a general bond resolution and series resolutions adopted by the State of Wisconsin Building Commission. The bonds are revenue obligations of the State of Wisconsin ("State"), payable solely from the Bond Redemption Funds created by the General Resolution. The bonds are collateralized by a first lien pledge of income derived from vehicle registration fees ("Program Income") under Section 341.25 of the Wisconsin Statutes, as collected by the Trustee. The State has covenanted in the General Resolution that it will charge registration fees sufficient to pay principal and interest on the bonds, as they become due, to pay program expenses and to maintain the Debt Service Reserve requirement. The State is not generally liable on the bonds nor are the projects financed by the bonds pledged as collateral.

A summary of these revenue obligations as of June 30, 2001 and 2000 is as follows:

	<u>2001</u>	<u>2000</u>
Transportation Revenue Bonds, 1991 Series A, varying fixed interest rates from 6.0% to 6.1%, interest payable semiannually, annual principal payments of variable amounts, due 2001	\$4,735,000	\$9,190,000
Transportation Revenue Bonds, 1992 Series A and B, varying fixed interest rates from 5.0% to 5.8%, interest payable semiannually, annual principal payments of variable amounts, due 2022	229,420,000	238,590,000
Transportation Revenue Bonds, 1993 Series A, varying fixed interest rates from 4.1% to 5.0%, interest payable semiannually, annual principal payments of variable amounts, due 2012	89,355,000	95,160,000
Transportation Revenue Bonds, 1994 Series A, varying fixed interest rates from 4.9% to 7.5%, interest payable semiannually, annual principal payments of variable amounts, due 2014	42,550,000	46,285,000
Transportation Revenue Bonds, 1995 Series A, varying fixed interest rates from 4.45% to 6.25%, interest payable semiannually, annual principal payments of variable amounts, due 2015	80,610,000	84,380,000
Transportation Revenue Bonds, 1996 Series A, varying fixed interest rates from 5.0% to 6.0%, interest payable semiannually, annual principal payments of variable amounts, due 2010	52,340,000	56,325,000
Transportation Revenue Bonds, 1998 Series A and B, varying fixed interest rates from 4.0% to 5.5%, interest payable semiannually, annual principal payments of variable amounts, due 2019	236,435,000	239,220,000
Transportation Revenue Bonds, 2000 Series A, varying fixed interest rates from 5.3% to 5.5%, interest payable semiannually, annual principal payments of varying amounts commencing in 2012, due 2021	123,700,000	-
	859,145,000	769,150,000
Less- Current Maturities	<u>36,560,000</u>	<u>33,705,000</u>
	<u>\$822,585,000</u>	<u>\$735,445,000</u>

Vehicle registration fees in excess of the amount needed to service the Bond Redemption and Debt Service Reserve requirements is to be transferred to the Department free of the first lien pledge of the General Resolution.

Additional series of bonds may be issued on a parity with the current bond series outstanding and collateralized by an equal charge and lien on the Program Income. However, no additional series may be issued unless, among other things, Program Income, including interest, for 12 consecutive months within the preceding 18-month period is at least 2.25 times the maximum aggregate principal and interest requirement in any bond year for all outstanding bonds.

Future maturities of bonds payable as of June 30, 2001 are as follows:

Year Ending June 30,

2001	\$36,560,000
2002	38,115,000
2003	40,020,000
2004	46,150,000
2005	48,500,000
Thereafter	<u>649,800,000</u>
	<u>\$859,145,000</u>

From time to time, the Program issues revenue bonds to defease older revenue bonds in order to take advantage of market conditions. The proceeds from the issuance of revenue bonds, together with assets transferred from the refunded bond series, are deposited with a trustee bank in a separate Escrow Fund. These funds are invested by an escrow agent in U.S. Treasury obligations and certain other government securities so that sufficient monies are available to pay the principal, interest and redemption price of the defeased bonds. The following is a summary of these defeased bonds outstanding.

The revenue bonds defeased by the 1992 Series A Refunding were as follows:

<u>Series</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
1991 Series A	July 1, 2010	\$8,495,000		
	July 1, 2011	<u>9,085,000</u>		
		<u>\$17,580,000</u>	Maturity	Par

The revenue bonds defeased by the 1993 Series A Refunding were as follows:

<u>Series</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
1992 Series B	July 1, 2007	\$5,790,000		
	July 1, 2008	6,125,000		
	July 1, 2009	6,480,000		
	July 1, 2010	6,855,000		
	July 1, 2011	7,250,000		
	July 1, 2012	<u>7,665,000</u>		
		<u>\$40,165,000</u>	July 1, 2001	Par

The revenue bonds defeased by the 1998 Series A Refunding issued in fiscal 1999 were as follows:

<u>Series</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
1992 Series A	July 1, 2005	\$4,295,000	July 1, 2002	Par
	July 1, 2006	4,880,000		
	July 1, 2009	735,000		
	July 1, 2010	1,110,000		
	July 1, 2011	1,170,000		
	July 1, 2012	1,240,000		
	July 1, 2013	1,310,000		
		<u>14,740,000</u>		
1992 Series B	July 1, 2005	\$5,195,000	July 1, 2002	Par
	July 1, 2006	5,480,000		
	July 1, 2013	8,110,000		
		<u>18,785,000</u>		
1994 Series A	July 1, 2007	5,375,000	July 1, 2004	Par
	July 1, 2008	5,685,000		
	July 1, 2009	6,020,000		
	July 1, 2010	6,375,000		
	July 1, 2011	6,760,000		
	July 1, 2012	7,170,000		
		<u>37,385,000</u>		
1995 Series A	July 1, 2012	7,070,000	July 1, 2005	Par
1996 Series A	July 1, 2011	6,885,000	July 1, 2006	Par
	July 1, 2012	7,270,000		
	July 1, 2013	7,685,000		
	July 1, 2014	8,130,000		
	July 1, 2015	8,600,000		
	July 1, 2016	9,100,000		
		<u>47,670,000</u>		
Total		<u>\$125,650,000</u>		

These defeased bonds are not included in the outstanding revenue bonds. Also, the securities in the Escrow Funds are not included in the Program asset balance.

(4) Debt Service Reserve Fund Requirement-

The General Resolution creates a Debt Service Reserve Fund requirement which is provided from bond proceeds and other available monies, and is intended to be used to provide for any deficiency in the Bond Redemption Fund for the payment of principal and interest. Series resolutions authorizing the issuance of additional bonds will set forth the Debt Service Reserve requirements for each issue which will be aggregated to determine the Debt Service Reserve Fund requirement for all outstanding bonds. The General Resolution provides that monies in the Debt Service Reserve Fund are to be provided for any deficiency in the Principal and Interest Account in the Bond Redemption Fund. If there is any deficiency in the Debt Service Reserve Fund, the Trustee shall, after setting aside the principal and interest amount in the Bond Redemption Fund, the principal of and interest on outstanding bonds accruing in such year and an amount in the Program Expense Fund equal to the Department's budgeted program expenses for that year, deposit Program Income into the Debt Service Reserve Fund in an amount sufficient to remedy such deficiency.

The Debt Service Reserve Fund requirement for each of the bond series is an amount equal to the maximum interest due, except for the 1993 Series A, 1998 Series A and 1998 Series B bonds issues which have no Debt Service Reserve Fund requirements. The Debt Service Reserve Fund requirements and the Bond Redemption Fund balances, with securities stated at market value, are as follows at June 30, 2001:

	Debt Service Reserve Fund Requirement	Bond Redemption Fund Balance
1991 Series A	\$3,643,000	\$4,804,000
1992 Series A	3,799,800	13,732,197
1992 Series B	8,921,978	7,271,000
1993 Series A	-	2,723,000
1994 Series A	2,058,000	5,050,000
1995 Series A	3,425,000	5,997,000
1996 Series A	6,100,000	5,451,000
1998 Series A	-	3,467,557
1998 Series B	-	6,558,000
2000 Series A	3,535,000	5,344,000
Program Income Fund	-	35,000
	<u>\$31,482,778</u>	<u>\$60,401,254</u>

During the period from May 1993 to June 2001, the Department has acquired a letter of credit, in the form of Surety Bonds, in amounts sufficient to meet the Debt Service Reserve requirements for each series of bonds outstanding.

(5) Commitments-

The Department and the State are currently authorized by State Statutes to use bond proceeds for right-of-way acquisition and construction of projects and certain transportation facilities. The Department has statutory authority (as amended) as of June 30, 2001, to issue a total of \$1,447,085,500 of bonds (including those issued under the 1991 Series A, the 1992 Series B, the 1993 Series A, the 1994 Series A, the 1995 Series A, the 1996 Series A, the 1998 Series A, the 1998 Series B and the 2000 Series A), in order to partially finance the costs of the authorized projects, in addition to proceeds from State general obligation debt, federal aid and other money in the Transportation Fund.

(6) Concentration of Credit Risk-

The Program's main investment as of June 30, 2001 and 2000 was in Bank One Group Treasury Only Money Market in the amount of \$31,355,771 and \$54,027,808, which represents 47% and 100%, respectively, of the Program asset balance.

(7) Administrative Expenses-

The Program is not charged for administrative expenses related to the operation of the Program. All such costs are charged to the Transportation Fund of the State of Wisconsin. The Program expense fund is used for expenses of the operation and maintenance of the Program, which may include expenses of the trustee, bond rating fees, audit fees, and other expenses of the Program. The Program expense fund expenses are included in the Statement of Changes in Program Assets—Cash Basis.

**Wisconsin Department of Transportation  
Revenue Bond Program**

Schedule of Monthly Program Income  
For the Year Ended June 30, 2001

Month	Program Income Fund	1991 Series A	1992 Series A	1992 Series B	1993 Series A	1994 Series A	1995 Series A	1996 Series A	1998 Series A	1998 Series B	2000 Series A
July 2000	\$155,313	\$1,258,934	\$4,263,748	\$2,615,744	\$1,195,972	\$1,600,312	\$2,071,052	\$1,751,427	\$1,724,006	\$2,298,408	\$ -
October 2000	74,750	1,281,986	4,343,096	2,663,967	1,223,258	1,622,294	2,092,718	1,766,912	1,746,952	2,331,680	-
January 2001	194,600	1,145,382	3,910,326	2,425,752	1,121,799	1,496,180	1,937,350	1,641,519	1,607,228	2,167,677	2,599,893
April 2001	67,000	1,169,706	4,067,757	2,534,045	1,188,265	1,505,987	1,966,005	1,636,624	1,717,666	2,195,937	2,191,731
	<u>\$491,663</u>	<u>\$4,856,008</u>	<u>\$16,584,927</u>	<u>\$10,239,508</u>	<u>\$4,729,294</u>	<u>\$6,224,773</u>	<u>\$8,067,125</u>	<u>\$6,796,482</u>	<u>\$6,795,852</u>	<u>\$8,993,702</u>	<u>\$4,791,624</u>

**Wisconsin Department of Transportation  
Revenue Bond Program**

Bonds Outstanding--1991 Series A  
As of June 30, 2001

<u>Maturity July 1,</u>	<u>Rate</u>	<u>Principal</u>
2001	6.10%	<u>\$4,735,000</u>
		<u>\$4,735,000</u>

**Wisconsin Department of Transportation  
Revenue Bond Program**

Bonds Outstanding--1992 Series A  
As of June 30, 2001

<u>Maturity July 1,</u>	<u>Rate</u>	<u>Principal</u>
2001	5.10%	\$10,790,000
2002	5.20	11,350,000
2003	5.30	11,945,000
2004	5.40	16,695,000
2005	5.50	13,290,000
2006	5.60	13,675,000
2009	5.80	21,525,000
2022	5.50	<u>15,570,000</u>
		<u>\$114,840,000</u>

**Wisconsin Department of Transportation  
Revenue Bond Program**

Bonds Outstanding--1992 Series B  
As of June 30, 2001

<u>Maturity July 1,</u>	<u>Rate</u>	<u>Principal</u>
2001	5.10%	\$4,235,000
2002	5.20	4,450,000
2003	5.30	4,685,000
2004	5.40	4,930,000
2022	5.50	<u>96,280,000</u>
		<u>\$114,580,000</u>

**Wisconsin Department of Transportation  
Revenue Bond Program**

Bonds Outstanding--1993 Series A  
As of June 30, 2001

<u>Maturity July 1,</u>	<u>Rate</u>	<u>Principal</u>
2001	4.20%	\$635,000
2002	4.30	665,000
2003	4.40	6,050,000
2004	4.50	6,340,000
2005	4.50	6,645,000
2006	4.60	6,955,000
2007	4.70	13,090,000
2008	4.75	13,725,000
2009	4.80	14,395,000
2010	4.90	6,620,000
2011	5.00	6,945,000
2012	4.75	7,290,000
		<u>\$89,355,000</u>

**Wisconsin Department of Transportation  
Revenue Bond Program**

Bonds Outstanding--1994 Series A  
As of June 30, 2001

<u>Maturity July 1,</u>	<u>Rate</u>	<u>Principal</u>
2001	5.00%	\$3,920,000
2002	5.10	4,125,000
2003	7.50	4,340,000
2004	7.50	4,575,000
2005	5.30	4,820,000
2006	5.40	5,090,000
2014	5.50	<u>15,680,000</u>
		<u>\$42,550,000</u>

**Wisconsin Department of Transportation  
Revenue Bond Program**

Bonds Outstanding--1995 Series A  
As of June 30, 2001

<u>Maturity July 1,</u>	<u>Rate</u>	<u>Principal</u>
2001	4.45%	\$3,945,000
2002	6.25	4,135,000
2003	6.25	4,345,000
2004	6.25	4,565,000
2005	4.80	4,800,000
2006	4.90	5,055,000
2007	5.00	5,330,000
2008	5.10	5,630,000
2009	5.20	5,950,000
2010	5.25	6,295,000
2011	5.25	6,670,000
2013	5.50	7,495,000
2014	5.50	7,955,000
2015	5.50	8,440,000
		<u>\$80,610,000</u>

**Wisconsin Department of Transportation  
Revenue Bond Program**

Bonds Outstanding--1996 Series A  
As of June 30, 2001

<u>Maturity July 1,</u>	<u>Rate</u>	<u>Principal</u>
2001	5.00%	\$4,165,000
2002	5.00	4,360,000
2003	5.00	4,570,000
2004	5.00	4,795,000
2005	6.00	5,035,000
2006	6.00	5,290,000
2007	5.25	5,565,000
2008	5.40	5,860,000
2009	5.50	6,180,000
2010	5.50	<u>6,520,000</u>
		<u>\$52,340,000</u>

**Wisconsin Department of Transportation  
Revenue Bond Program**

Bonds Outstanding--1998 Series A  
As of June 30, 2001

<u>Maturity July 1,</u>	<u>Rate</u>	<u>Principal</u>
2002	5.00%	\$5,130,000
2003	4.00	35,000
2004	4.12	40,000
2005	5.00	9,530,000
2006	5.00	10,355,000
2007	5.00	5,310,000
2008	5.00	5,590,000
2009	5.50	6,625,000
2010	5.50	7,345,000
2011	5.50	14,665,000
2012	5.50	22,580,000
2013	5.50	16,915,000
2014	5.50	7,915,000
2015	5.50	8,360,000
2016	5.50	<u>8,825,000</u>
		<u>\$129,220,000</u>

**Wisconsin Department of Transportation  
Revenue Bond Program**

Bonds Outstanding--1998 Series B  
As of June 30, 2001

<u>Maturity July 1,</u>	<u>Rate</u>	<u>Principal</u>
2001	4.25%	\$4,135,000
2002	4.25	3,900,000
2003	4.25	4,050,000
2004	4.50	4,210,000
2005	4.25	4,380,000
2006	4.25	4,565,000
2007	4.25	4,755,000
2008	4.25	4,955,000
2009	5.25	5,170,000
2010	5.25	5,400,000
2011	5.25	5,645,000
2012	5.00	5,905,000
2013	5.00	6,180,000
2014	5.00	6,475,000
2015	5.00	6,790,000
2016	5.00	7,125,000
2017	4.75	7,480,000
2019	4.75	<u>16,095,000</u>
		<u>\$107,215,000</u>

**Wisconsin Department of Transportation  
Revenue Bond Program**

Bonds Outstanding--2000 Series A  
As of June 30, 2001

<u>Maturity July 1,</u>	<u>Rate</u>	<u>Principal</u>
2012	5.50%	\$9,700,000
2013	5.50	10,200,000
2014	5.50	10,700,000
2015	5.50	11,300,000
2016	5.50	11,900,000
2017	5.50	12,500,000
2018	5.30	13,200,000
2019	5.40	14,000,000
2020	5.40	14,700,000
2021	5.40	<u>15,500,000</u>
		<u>\$123,700,000</u>

**Wisconsin Department of Transportation  
Revenue Bond Program**

Schedule of Registration Trust Program Revenue (Unaudited)  
For the Years Ended June 30, 2001 and 2000

	Section 341.25 Registration Fees		Revenue Bond Program On Section 341.25 Registration Fees	Total Program Revenues
	Non-IRP	IRP		
July 1999	\$19,759,993	\$3,021,884		\$22,781,877
August 1999	18,079,361	2,609,284		20,688,645
September 1999	21,489,764	4,728,040		26,217,804
October 1999	17,919,995	4,479,800		22,399,795
November 1999	19,167,959	3,295,852		22,463,811
December 1999	32,230,614	2,581,947		34,812,561
January 2000	19,013,120	3,331,319		22,344,439
February 2000	16,507,436	2,916,007		19,423,443
March 2000	26,258,175	5,898,984		32,157,159
April 2000	21,169,376	9,980,479		31,149,855
May 2000	21,174,613	6,868,012		28,042,625
June 2000	22,939,808	5,898,628		28,838,436
<b>Total for the Year Ended June 30, 2000</b>	<b><u>\$255,710,214</u></b>	<b><u>\$55,610,236</u></b>	<b><u>\$1,834,371</u></b>	<b><u>\$313,154,821</u></b>
July 2000	\$18,836,842	\$4,414,795		\$23,251,637
August 2000	23,419,029	2,947,283		26,366,312
September 2000	19,101,602	3,862,147		22,963,749
October 2000	19,233,465	5,264,337		24,497,802
November 2000	14,695,236	2,579,519		17,274,755
December 2000	29,229,076	2,081,718		31,310,794
January 2001	29,257,058	3,573,930		32,830,988
February 2001	16,029,806	2,733,089		18,762,895
March 2001	24,790,957	6,024,344		30,815,301
April 2001	21,862,066	5,846,124		27,708,190
May 2001	19,476,430	11,745,944		31,222,374
June 2001	22,455,120	4,936,270		27,391,390
<b>Total for the Year Ended June 30, 2001</b>	<b><u>\$258,386,687</u></b>	<b><u>\$56,009,500</u></b>	<b><u>\$1,664,681</u></b>	<b><u>\$316,060,868</u></b>

**Wisconsin Department of Transportation  
Commercial Paper Program  
Transportation Revenue Commercial Paper Notes of 1997, Series A**

**Statements of Changes in Program Assets—Cash Basis  
For the Years Ended June 30, 2001 and 2000  
Together with Report of Independent Public Accountants**

**Wisconsin Department of Transportation  
Commercial Paper Program**

Transportation Revenue Commercial Paper Notes of 1997, Series A  
June 30, 2001 and 2000

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Notes to Statements of Changes in Program Assets

## Report of Independent Public Accountants

To the Directors of the Wisconsin Department of Transportation  
Commercial Paper Program:

We have audited the Statements of Changes in Program Assets—Cash Basis of the 1997 Series A Commercial Paper Notes of the Wisconsin Department of Transportation Commercial Paper Program (the “Program”) for the years ended June 30, 2001 and 2000. These statements and supplemental information are the responsibility of the Program’s directors. Our responsibility is to express an opinion on these statements and supplemental information based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements. An audit also includes assessing the accounting principles used and significant estimates made by the Program’s directors, as well as evaluating the overall statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, the Program’s policy is to prepare its Statements of Changes in Program Assets on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the statements of changes in program assets referred to above present fairly, in all material respects, the changes in Program assets—cash basis of the 1997 Series A Commercial Paper Notes of the Wisconsin Department of Transportation Commercial Paper Program for the years ended June 30, 2001 and 2000, on the basis of accounting described in Note 2.

Our audit was made for the purpose of forming an opinion on the Statements of Changes in Program Assets taken as a whole. The Statements of Motor Vehicle Registration Fees—Cash Basis for the Years Ended June 30, 2001 and 2000 is presented for purposes of additional analysis and is not a required part of the basic statements. This information has not been subjected to the auditing procedures applied in our audit of the basic statements and, accordingly, we express no opinion on it.

*Arthur Andersen LLP*

ARTHUR ANDERSEN LLP

Milwaukee, Wisconsin  
September 20, 2001

**Wisconsin Department of Transportation  
Commercial Paper Program  
Transportation Revenue Commercial Paper Notes of 1997, Series A**

Statements of Changes in Program Assets—Cash Basis  
For the Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Program Asset Balance, Beginning of Year	\$7,098,000	\$9,530,595
Receipts:		
Motor Vehicle Registration Fees Retained by Trustee	10,522,362	11,691,287
Investment Income	55,495	233,301
Total Receipts	10,577,857	11,924,588
Disbursements:		
Debt Service--Principal	5,583,000	8,073,000
Debt Service--Interest	6,004,727	6,284,183
Total Disbursements	11,587,727	14,357,183
Program Asset Balance, End of Year	<u>\$6,088,130</u>	<u>\$7,098,000</u>
Program Asset Reserved for Debt Service	\$6,088,130	\$7,098,000

The accompanying notes to statements are an integral part of these statements.

Supplementary Information

Statements of Motor Vehicle Registration Fees— Cash Basis  
For the Years Ended June 30, 2001 and 2000 (Unaudited)

	<u>2001</u>	<u>2000</u>
Motor Vehicle Registration Fees Remitted to Trustee	\$314,396,188	\$311,320,449
Less:		
Motor Vehicle Registration Fees Available for Revenue Bond Program	(78,570,958)	(72,497,788)
Motor Vehicle Registration Fees Available for Transportation Fund	<u>(225,302,868)</u>	<u>(227,131,374)</u>
Motor Vehicle Registration Fees Retained by Trustee	<u>\$10,522,362</u>	<u>\$11,691,287</u>

**Wisconsin Department of Transportation  
Commercial Paper Program  
Transportation Revenue Commercial Paper Notes of 1997, Series A**

Notes to Statements of Changes in Program Assets—Cash Basis  
For the Years Ended June 30, 2001 and 2000

(1) Nature of Program-

The Transportation Revenue Commercial Paper Program (the “Program”) originated on April 23, 1997, pursuant to the adoption of the Program Resolution by the State of Wisconsin Building Commission. The purpose of the Program is to provide financing for the construction, maintenance and repair of certain major highway projects and transportation facilities and to pay interest due on maturing notes. Receipts provided from registration fees are used to service the Program’s debt.

(2) Summary of Significant Accounting Policies-

Cash Basis of Accounting-

The Statements of Changes in Program Assets present the Program’s receipts and disbursements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. Under the cash basis of accounting, receipts are recorded when received and disbursements are recorded when paid. The Program’s assets consist of money market funds and U.S. treasury notes, at amortized cost. The fiscal 2000 financial statement presentation has been changed from the accrual method to the cash basis. The following is a reconciliation of Program assets at July 1, 1999 as previously reported to the current presentation:

Total Program Assets Under the Accrual Method, July 1, 1999, as Previously Reported	\$169,947,049
Deduct Accrual Based Assets:	
Cumulative Project Costs	(160,415,287)
Accrued Interest on Investments	<u>(1,167)</u>
Total Program Assets Under the Cash Method, July 1, 1999	<u>\$9,530,595</u>

The Wisconsin Department of Transportation (“Department”) has entered into trust agreements with Bank One Trust Company N.A., Milwaukee, Wisconsin, relating to the creation and administration of the Transportation Revenue Commercial Paper Notes of 1997, Series A. Among other provisions, the trust agreements, in conjunction with the General Resolution, specify those funds to be created and maintained, the timing and flow of monies through the funds, the formula for computing the Debt Service Reserve requirements and the procedure to be followed for the redemption of the bonds. It is Program management’s view that the Statement of Changes in Program Assets—Cash Basis along with the related notes meet these provisions.

Receipts and Disbursements-

Motor Vehicle Registration Fees Retained by Trustee-

Motor vehicle registration fees retained by trustee are recorded at time of impounding, when transfer of possession occurs.

Investment Income-

Investment income is recorded when received and includes gains and losses on sales or maturities of investments.

Debt Service -- Principal and Interest-

Debt service payments are recorded when paid.

Costs of Notes-

Issue costs and administrative expenses related to the notes are being expensed as incurred.

Investments-

The Program's investment policies are governed by the Program Resolution and Wisconsin Statutes. The Program is authorized by statute to invest in direct obligations of the United States maturing in one year from the date of investment. In addition, statutes allow those funds not reserved for debt service to be invested in direct obligations of the United States, its agencies and corporations, certain banks, high-quality corporate commercial paper, and certificates of deposit.

For fiscal years 2001 and 2000, the trustee invested the Program's funds in money market funds and U.S. government securities. As of June 30, 2001, \$450,130 is invested in money market funds and \$5,638,000 is invested in U.S. treasury notes. As of June 30, 2000, \$7,098,000 was invested in money market funds. Money market funds are categorized as risk category 3 in accordance with Governmental Accounting Standards Board (GASB) Statement No. 3, as the investments are not insured or collateralized. The U.S. treasury notes were registered and held by the Program's agent in the Program's name. Therefore, these investments are categorized as risk category 1 in accordance with GASB Statement No. 3.

The Program asset balance consists of investments, at amortized cost, which approximates fair market value, in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".

(3) Notes Payable-

Transportation Revenue Commercial Paper Notes of 1997, Series A (1997 notes) consist of interest-bearing obligations which are issued in initial denominations of \$100,000 and additional increments of \$1,000 above \$100,000. There are notes payable of \$141,733,000 and \$147,316,000 at June 30, 2001 and 2000, respectively.

The notes are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes as amended, Section 84.59 of the Wisconsin Statutes and a program resolution and series resolutions adopted by the State of Wisconsin Building Commission. The notes are revenue obligations of the State of Wisconsin ("State"), payable solely from the Subordinated Debt Service Fund.

The notes are collateralized by a pledge of income derived from vehicle registration fees (Program Income) under Section 341.25 of the Wisconsin Statutes, as collected by the Trustee. The notes are subordinate to the pledge of Program Income to payment of the State Transportation Revenue Bonds outstanding.

The State expects to pay the principal of and interest on the notes with the proceeds of additional notes until the State provides permanent financing through the issuance of long-term transportation revenue bonds for the projects which are being initially financed by the notes. The permanent financing is not expected to be put in place until long-term interest rates on revenue bonds are advantageous to the State.

In order to assure the timely payment of principal and interest on the notes, the State obtained a credit agreement (the liquidity facility agreement) on May 7, 1997, which provides a commitment for the issuance of an irrevocable letter of credit in the stated amount up to \$188,600,000. On April 19, 2000, the State reduced this commitment and the stated amount of the irrevocable letter of credit to a stated amount of up to \$155,000,000. The stated date of the letter of credit is currently May 6, 2002, each subject to an extension as provided in the credit agreement.

The notes will mature no later than 270 days from the date of issuance provided that a liquidity facility agreement is in effect. No notes may be issued with a maturity date after the stated expiration of the liquidity facility agreement or after the stated date of a substitute liquidity facility agreement. The principal of and interest on the notes will be paid at maturity and are not callable prior to maturity. Each note bears interest from its date of issuance, at the rate determined on the date of issuance (which may not exceed 12% per annum). At June 30, 2001, the weighted average interest rate on the notes outstanding was 3.1%.

The State is not generally liable on the notes nor are the projects financed by the notes pledged as collateral.

(4) Subordinated Debt Service Fund-

The General Resolution creates a Subordinated Debt Service Reserve Fund which is intended to be used to provide for the payment of principal and interest of the notes from Program Income deposited into this fund. The pledge of such Program Income to payment of the notes is subordinate to the pledge of Program Income to payment of outstanding State Transportation Revenue Bonds. The debt service reserve requirement is \$6,088,130 as of June 30, 2001.

(5) Commitments-

The Department and the State are currently authorized by State Statutes to use note proceeds for right-of-way acquisition and construction of projects comprising major highway projects and certain transportation facilities. The Department has statutory authority (as amended) to issue notes totaling \$200,000,000 (including those issued under the 1997, Series A), in order to partially finance the costs of the authorized projects, in addition to proceeds from State general obligation debt, federal aid and other money in the Transportation Fund.

(6) Concentration of Credit Risk-

The Program's sole investment as of June 30, 2000 was in Bank One Group Treasury Only Money Market in the amount of \$7,098,000. There was no concentration of credit risk in 2001.

(7) Administrative Expenses-

The Program is not charged for departmental administrative expenses related to the operation of the Program. All such costs are charged to the Transportation Fund of the State of Wisconsin.

## APPENDIX C

### GLOSSARY

This Glossary includes definitions from the General Resolution and the Series Resolutions that apply to capitalized terms used in this Official Statement.

**Accountant** means such reputable and experienced independent certified public accountant or firm of independent certified public accountants of nationally recognized standing as may be selected by the Department and be satisfactory to the Trustee which may be the accountant or firm of accountants who regularly audit the books and accounts of the Department.

**Act** means Section 84.59 of the Statutes.

**Authorized Newspaper** means either The Wall Street Journal or The Bond Buyer, or such other financial newspaper or financial journal of general circulation, printed in the English language and customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, in the Borough of Manhattan, City and State of New York.

**Authorized Officer** when used with reference to the Department means the Secretary or other person designated from time to time by the Secretary, and when used with reference to the Commission, means the Chairperson of the Commission or other person designated from time to time by the Chairperson of the Commission and, in the case of any act to be performed or duty to be discharged, any other member, staff, officer or employee of the foregoing Department or Commission then authorized to perform such act or discharge such duty.

**Bond** or **Bonds** means any bond or any other evidence of revenue obligation authorized under the General Resolution and issued pursuant to a Series Resolution.

**Bond Counsel's Opinion** means an opinion executed by the Attorney General of Wisconsin or an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the State.

**Bondholder** and the term **Holder** or **holder** means the registered owner of any Outstanding Bond or Bonds, if registered to a particular person or persons, or the holder of any Outstanding Bond or Bonds in bearer form or registered as to principal only, or his duly authorized attorney in fact, representative or assigns.

**1984 Bonds** means the State of Wisconsin Transportation Revenue Bonds, 1984 Series A, issued on May 15, 1984.

**1988 Bonds** means the State of Wisconsin Transportation Revenue Bonds, 1988 Series A issued on April 12, 1988.

**1989 Bonds** means the State of Wisconsin Transportation Revenue Bonds, 1989, Series A, issued on April 19, 1989.

**1991 Bonds** means the State of Wisconsin Transportation Revenue Bonds, 1991, Series A, issued on October 3, 1991.

**1992 Series A Bonds** means the State of Wisconsin Transportation Revenue Bonds, 1992 Series A, issued on August 20, 1992.

**1992 Series B Bonds** means the State of Wisconsin Transportation Revenue Bonds, 1992 Series B, issued on August 20, 1992.

**1993 Bonds** means the State of Wisconsin Transportation Revenue Bonds, 1993 Series A, issued on September 29, 1993.

**1994 Bonds** means the State of Wisconsin Transportation Revenue Bonds, 1994 Series A, issued on July 13, 1994.

**1995 Bonds** means the State of Wisconsin Transportation Revenue Bonds, 1995 Series A, issued on September 28, 1995.

**1996 Bonds** means the State of Wisconsin Transportation Revenue Bonds, 1996 Series A, issued on June 13, 1996.

**1998 Series A Bonds** means the State of Wisconsin Transportation Revenue Bonds, 1998 Series A, issued on September 17, 1998.

**1998 Series B Bonds** means the State of Wisconsin Transportation Revenue Bonds, 1998 Series B, issued on October 29, 1998.

**2000 Bonds** means the State of Wisconsin Transportation Revenue Bonds, 2000 Series A, dated September 15, 2000.

**2001 Series A Bonds** means State of Wisconsin Transportation Revenue Bonds, 2001 Series A, dated November 15, 2001.

**Capitalized Interest Account** shall mean the account established by Section 402 of the General Resolution.

**Certificate** means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the General Resolution, or (ii) the report of an Accountant as to audit or other procedures called for by the General Resolution.

**Commercial Paper Notes or Notes** means the State of Wisconsin Transportation Revenue Commercial Paper Notes, 1997 Series A.

**Commission** means the State of Wisconsin Building Commission established and existing pursuant to Section 13.48 of the Statutes and any successor thereto to whom the powers and duties granted to or imposed by the General Resolution shall be given by law.

**Costs of Issuance** means all items of expense, directly or indirectly payable or reimbursable by or to the State which are related to the authorization, sale, credit support, liquidity or issuance of Bonds.

**Credit Support and Liquidity Fund** means an account established pursuant to Section 511 of the General Resolution.

**Credit Support and Liquidity Fund Requirement** means as of any date of calculation, an amount equal to the aggregate Credit Support and Liquidity Fund Requirements for each Series of Outstanding Bonds as specified with respect to each such Series in the applicable Series Resolution.

**Debt Service Requirement** means as of any particular date of calculation, the aggregate Interest Requirement and Principal Requirement for Outstanding Bonds as specified in each Series Resolution authorizing the issuance of a Series of Bonds.

**Debt Service Reserve Requirement** means, as of any particular date of computation, an amount equal to the aggregate of the amounts specified in each Series Resolution authorizing the issuance of a Series of Bonds (any of which are Outstanding on the date of computation) as the amount to be the Debt Service Reserve Requirement, provided that, with respect to any Series of Bonds, in lieu of a deposit to the Reserve Fund of an amount equal to the applicable Series Debt Service Reserve Requirement, the State may provide for a letter of credit, municipal bond

insurance policy, surety bond or other type of agreement or arrangement with an entity having, at the time of entering into such agreement or arrangement, a credit rating equal to or greater than the Bonds which provides for the availability, at the times required pursuant to the provisions of any Series Resolution, of an amount at least equal to such Series Debt Service Reserve Requirement and such method of funding shall be deemed to satisfy all provisions of the Series Resolution with respect to the Debt Service Reserve Requirement and the amount required to be on deposit in the Reserve Fund with respect to such Series of Bonds.

**Department** means the State of Wisconsin Department of Transportation established and existing pursuant to Section 15.46 of the Statutes and any successor thereto to which the powers and duties granted to or imposed by the General Resolution shall be given by law.

**Fiduciary** means the Trustee, the Registrar and any Paying Agent, or any or all of them as may be appropriate.

**Fiscal Year** means the fiscal year of the State as established from time to time.

**Fund** means one or more, as the case may be, of the funds or accounts created and established pursuant to the General Resolution.

**General Resolution** means the General Resolution as the same may from time to time be amended, modified or supplemented by a Supplemental Resolution.

**Interest Payment Dates** means any date on which is due the payment of interest on any Series of Bonds as specified in each Series Resolution authorizing the issuance of the Series of Bonds.

**Interest Requirement** means as of any particular date of calculation, the amount equal to any unpaid interest then due, plus an amount to the interest accruing or payable during the period between the date of calculation and the next Redemption Fund Deposit Day with respect to each Series of Outstanding Bonds.

**Investment Obligations** means and includes any of the following obligations to the extent the same are at the time legal for investment of funds of the State under the Act, the Revenue Obligations Act, or under other applicable law:

1. Direct obligations of or obligations guaranteed by the United States of America;
2. Obligations the payment of principal and interest on which, by act of Congress or in the opinion of the Attorney General of the United States in office at the time such obligations were issued, are unconditionally guaranteed by the United States of America;
3. Bonds, debentures, notes, participation certificates or other similar evidences of indebtedness issued by any of the following: Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, the Federal Financing Bank, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Export Import Bank of the United States, Student Loan Marketing Association, Farmer's Home Administration, Government National Mortgage Association, Small Business Administration, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of Congress of the United States as an agency or instrumentality thereof or sponsored thereby (including but not limited to the fully guaranteed portion of an obligation partially guaranteed by any of the foregoing, if the State's ownership of such portion is acknowledged in writing by an officer of the guaranteeing agency or instrumentality);
4. Public Housing Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America or

- temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
5. Obligations of any state within the United States or of any political subdivision of any state, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;
  6. Bankers acceptances drawn on and accepted by banks (including the Trustee and Paying Agent) and certificates of deposit by banks (including the Trustee and Paying Agent), with a combined capital and surplus aggregating at least \$100,000,000 and securities of which are currently rated within the two highest rating categories assigned by a nationally recognized rating agency, or the international branches or banking subsidiaries thereof;
  7. Interest-bearing time deposits, or certificates of deposit of a bank (including the Trustee and Paying Agent) or trust company, continuously secured and collateralized by obligations of the type described in paragraphs (1), (2), (3) and (4) hereof, having a market value at least equal at all times to the amount of such deposit or certificate, to the extent such deposit or certificate is not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or any successors thereto;
  8. Commercial paper given the highest rating by Standard & Poor's Corporation and Moody's Investors Service at the time of such investments;
  9. Investment agreements with banks or bank holding companies the senior long-term debt securities of which are rated within the two highest categories by a nationally recognized rating agency and which have a capital and surplus of at least \$100,000,000;
  10. Repurchase agreements, with banks or other financial institutions (including the Trustee and Paying Agent) (**Repurchaser**) provided that each such repurchase agreement (a) is in a commercially reasonable form and is for a commercially reasonable period, and (b) result in transfer to the Trustee of legal and equitable title to, or the granting to the Trustee of a prior perfected security interest in, identified obligations referred to in paragraphs (1), (2), (3) and (4) above which are free and clear of any claims by third parties and are segregated in a custodial or trust account held either by the Trustee or by a third party (other than the Repurchaser) as the agency solely of, or in trust solely for the benefit of the Trustee, provided that obligations acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value of such obligations or the repurchase prices thereof set forth in the applicable repurchase agreement, such investments shall be made so as to mature on or prior to the date or dates that the Trustee anticipates that moneys therefrom be required;
  11. Shares of beneficial interests in an investment fund or trust substantially all of whose assets consist of those identified obligations referred to in paragraphs (1) and (2) above; and
  12. Any short term government fund whose assets consist of those identified obligations referred to in paragraphs (1), (2), (3), (4) and (10) above.

**Notes or Commercial Paper Notes** means the State of Wisconsin Transportation Revenue Commercial Paper Notes, 1997 Series A.

**Outstanding**, when used with reference to Bonds and as of any particular date, describes all Bonds that have been delivered and are expected to be delivered except (a) any Bond cancelled by the Trustee, or proven to the satisfaction of the Trustee to have been cancelled by the

Registrar, at or before said date, (b) any Bond deemed to have been paid in accordance with the provisions of Section 1201 of the General Resolution, and (c) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution.

**Paying Agent** for the payment of the principal of, Redemption Price and interest on the Bonds of a particular Series means the Treasurer or any bank or trust company designated as paying agent for the Bonds, and its successor or successors hereafter appointed in the manner provided in the General Resolution.

**Principal and Interest Account** means the account established by Section 502 of the General Resolution.

**Principal Installment** means (a) the principal amount of Outstanding Bonds that mature on a single future date, and (b) the amount of any Sinking Fund Installment required to be paid on a single future date.

**Principal Installment Dates** means any dates designated in a Series Resolution as a day a Principal Installment is to be paid.

**Principal Office**, when used with respect to a Fiduciary, means the principal, or corporate trust, or head, or principal trust office of such Fiduciary situated in the city in which such Fiduciary is described as being located.

**Principal Requirement** means, as of any particular date of calculation, the amount of money equal to any unpaid Principal Installment then due with respect to each Series of Outstanding Bonds and the amount of the next succeeding Principal Installment divided by the number of Redemption Fund Deposit Days prior to the next Principal Installment Date with respect to each Series of Outstanding Bonds.

**Program** means the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program financed under the Act, the Revenue Obligations Act and the General Resolution in accordance with any other enactment of the State which may hereafter specify an extension, expansion, addition or improvement of and for said Program pursuant to the Act, the Revenue Obligations Act and the General Resolution but not financed under the provisions of any other bond resolution or indenture of trust.

**Program Account** means the account so designated by Section 402 of the General Resolution.

**Program Capital Fund** means the Fund that is established and created by Section 402 of the General Resolution and pursuant to Section 18.57 of the Revenue Obligations Act.

**Program Expense Fund** means the Fund that is established and created by Section 514 of the General Resolution.

**Program Expenses** means the reasonable and proper costs and expenses of the Department for the operation and maintenance of the Program, including, without limitation, the administrative expenses allocable to the Program and the fees and expenses of the Trustee and the Paying Agents and Registrars of the Bonds.

**Program Income** means moneys derived under Section 341.25 of the Statutes or any other moneys that the State is authorized to pledge, which is to be deposited by the Department under Section 18.562(3) and (5) of the Revenue Obligations Act in a separate and distinct fund outside of the State Treasury in an account maintained by the Trustee as the Redemption Fund and all interest earned or gain realized from the investment of amounts in said fund.

**Program Income Account** means the account established by Section 502 of the General Resolution.

**Projects** means the projects authorized under the Act and funded with proceeds of Bonds authorized by one or more Series Resolutions.

**Record Date** means with respect to any Series of Bonds, the Record Date established for such Series of Bonds under each Series Resolution pursuant to which such Series is issued (which, with respect to the Bonds, means the fifteenth day of the month preceding an Interest Payment Date on the Bonds).

**Redemption Date** means the date upon which Bonds are to be called for redemption.

**Redemption Fund** means the Fund that is established and created by Section 502 of the General Resolution pursuant to Section 18.562(3) of the Revenue Obligations Act.

**Redemption Fund Deposit Day** means January 1, April 1, July 1 and October 1 of each Fiscal Year.

**Redemption Price** when used with respect to a Bond or portion thereof, means the principal amount of such Bond or portion plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms pursuant to the General Resolution and to the Series Resolution.

**Registrar** means, with respect to Bonds of a particular Series, the Treasurer or any person with whom he has contracted with for the performance of any of his functions under Section 18.10(5) and (7) of the Statutes.

**Reserve Fund** means the Fund that is established and created by Section 508 of the General Resolution pursuant to Section 18.562 of the Revenue Obligations Act.

**Revenue Obligations Act** means Subchapter II of Chapter 18 of the Statutes, as amended.

**Secretary** means the Secretary of the Department or any other officer, board, body, commission or agency succeeding to the powers, duties and functions thereof.

**Serial Bonds** means the Bonds so designated in a Series Resolution.

**Series**, when used with respect to less than all of the Bonds, means and refers to all of the Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the General Resolution or a Series Resolution.

**Series Resolution** means any resolution adopted by the Commission pursuant to and in accordance with the terms of Article II of the General Resolution, providing for the issuance of a particular Series of Bonds.

**Sinking Fund Installment** means the amount of money unconditionally required by or pursuant to a Series Resolution to be paid toward the retirement of any particular Term Bonds prior to their respective stated maturities.

**State** means the State of Wisconsin, including the Commission, or Department, as the case may be, acting on behalf of the State pursuant to the Act or the Revenue Obligations Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of any of the foregoing.

**Statutes** means the Wisconsin Statutes.

**Subordinated Debt Service Fund** means an account established in Section 5.1 of 1997 State of Wisconsin Building Commission Resolution 7, adopted by the Commission on April 23, 1997, pursuant to Section 714(C) of the General Resolution, and pledged to the payment of the Commercial Paper Notes.

**Subordinated Debt Service Fund Requirement** means, as of any date of calculation, an amount equal to the aggregate Subordinated Debt Service Fund Requirements for each Subordinated Indebtedness Series of Outstanding Bonds (or Commercial Paper Notes) as specified with respect to each such Series in the applicable Series Resolution, and as of the date of this Official Statement, is the amount specified in 1997 State of Wisconsin Building Commission Resolution 8, adopted by the Commission on April 23, 1997.

**Subordinated Indebtedness** means a Series of Bonds issued pursuant to Section 714 of the General Resolution, and includes the Commercial Paper Notes.

**Supplemental Resolution** means any resolution adopted by the Commission pursuant to and in accordance with the terms of Article VIII of the General Resolution amending or supplementing the provisions of the General Resolution as originally adopted or as amended or supplemented prior to the amending or supplementing effected by the particular Supplemental Resolution.

**Term Bonds** means the Bonds so designated in a Series Resolution.

**Transportation Fund** means the fund established in Section 25.40 of the Statutes.

**Treasurer** means the State Treasurer or any other officer, board, body, commission or agency succeeding to any of the powers, duties and functions thereof.

**Trustee** means Bank One Trust Company, National Association, as trustee appointed by or pursuant to Section 1101 of the General Resolution, and its successor or successors and any other corporation or association that may at any time be substituted in its place pursuant to the General Resolution.

**APPENDIX D**  
**FORM OF BOND COUNSEL OPINION**

*Upon delivery of the 2001 Series A Bonds, Michael Best & Friedrich LLP expects to deliver to the State a legal opinion in substantially the following form:*

**[Letterhead of Michael Best & Friedrich LLP]**  
**\$140,000,000**  
**State of Wisconsin**  
**Transportation Revenue Bonds, 2001 Series A**

State of Wisconsin Building Commission  
101 East Wilson Street, 7th Floor  
Madison, WI 53702

RE: \$140,000,000 State of Wisconsin  
Transportation Revenue Bonds,  
2001 Series A, dated November 15, 2001.

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$140,000,000 Transportation Revenue Bonds, 2001 Series A, dated November 15, 2001 (**Bonds**). We hereby certify that, as bond counsel, we have examined a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission (**Commission**) preliminary to and in connection with the issuance of the Bonds, as well as the law and such other documents and records we deem necessary to render this opinion. We have relied upon such transcript and documents as to the matters of fact stated therein, without independent verification. We have also examined a printer's proof or sample of the Bonds and find the same to be in proper form.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

The Bonds have been authorized and issued pursuant to Subchapter II of Chapter 18 (**Revenue Obligations Act**) and Section 84.59 (**Act**) of the Wisconsin Statutes as now in force; the resolution of the Commission adopted June 26, 1986, entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution", as amended, (**General Resolution**) and the resolution of the Commission adopted September 19, 2001 entitled "2001 State of Wisconsin Building Commission Resolution 16 Authorizing Resolution for Not to Exceed \$185,300,000 State of Wisconsin Transportation Revenue Obligations (**Series Resolution**) (hereafter the General Resolution and the Series Resolution shall be referred to collectively as the **Resolutions**).

The Bonds are issued on a parity with other Transportation Revenue Bonds issued pursuant to the General Resolution (**Outstanding Bonds**) and are issued on a basis senior to the Transportation Revenue Commercial Paper Notes of 1997, Series A.

The Bonds are issued to pay the costs of financing transportation facilities and major highway projects.

The Bonds are numbered 1 and upwards; are in the denomination of \$5,000 or any integral multiple thereof; are in fully registered form; are dated November 15, 2001; bear interest at the

rates set forth below; and mature on July 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2003	\$ 9,420,000	3.00%	2013	\$ 3,140,000	4.10%
2004	5,705,000	3.00	2014	3,295,000	4.25
2005	6,015,000	3.00	2015	3,460,000	4.25
2006	6,355,000	4.00	2016	3,630,000	4.50
2007	16,675,000	5.00	2017	3,815,000	4.50
2008	12,385,000	5.00	2018	4,005,000	4.60
2009	13,000,000	5.00	2019	4,205,000	4.70
2010	13,655,000	5.00	2020	4,415,000	4.90
2011	14,330,000	5.00	2021	4,635,000	4.90
2012	2,990,000	4.00	2022	4,870,000	4.90

Interest on the Bonds is payable semi-annually on January 1 and July 1 of each year commencing on July 1, 2002.

At the option of the State, the Bonds maturing on or after July 1, 2013 are subject to redemption prior to maturity as a whole or in part on July 1, 2012 or on any date thereafter at the principal amount thereof plus accrued interest to the date of redemption.

Pursuant to the Revenue Obligations Act, the Act and the General Resolution, the State acting through the Commission, is authorized to issue Transportation Revenue Bonds in addition to, but on parity with the Outstanding Bonds and the Bonds.

As to questions of fact material to our opinion, we have relied on representations of the State contained in the Resolutions as well as the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing examination and upon such legal authorities as we deemed relevant and in reliance upon the certifications received above, we are of the opinion that:

- (1) The State has valid right and lawful authority to finance State transportation facilities and major highway projects by the adoption of the Resolutions, to perform its obligations under the terms and conditions of the Resolutions, and to issue the Bonds.
- (2) The Resolutions have been duly and lawfully adopted by the Commission, are in full force and effect, and constitute valid and binding obligations of the State enforceable in accordance with their terms.
- (3) The Bonds are valid and binding revenue bonds of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with the Outstanding Bonds. The General Resolution creates the valid pledge which it purports to create of the Program Income (as defined in the General Resolution) and of monies and securities on deposit in any of the Funds (as defined in the General Resolution) established under the General Resolution, including the investments, if any thereof, subject to the application thereof to the purposes and on the conditions permitted by the General Resolution.
- (4) The Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, including the Revenue Obligations Act and the Act, as amended to the date of this Opinion, and in accordance with the Resolutions.

- (5) The Bonds do not constitute a debt or grant or loan of credit of the State, and the State shall not be generally liable thereon, nor shall the Bonds be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or the interest on the Bonds.
- (6) The interest on the Bonds (including any original issue discount properly allocable to the owners thereof) is excluded for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (**Code**) on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excluded from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be also subject to the exercise of judicial discretion in appropriate cases.

MICHAEL BEST & FRIEDRICH LLP

This document is the “official” statement—that is, it contains the only authorized information about the offering of the 2001 Series A Bonds. This document is not an offer or solicitation for the 2001 Series A Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2001 Series A Bonds, and anything else related to the offering.

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State’s permission. The State is the author of this document and is responsible for its accuracy and completeness. The Underwriters are not the authors of this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations.

The estimates, forecasts, projections, and opinions in this document aren’t hard facts, and no one guarantees them. Some of the people who prepared, compiled, or reviewed this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2001 Series A Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2001 Series A Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

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